



NDLAMBE MUNICIPALITY
ANNUAL REPORT 2015/2016 (VERSION 1)





VISION:

NDLAMBE MUNICIPALITY strives to be a premier place to work, play, and stay, on the eastern coast of South Africa. It strives to be the destination of choice for people who love natural and cultural heritage, adventure water sports, and laid-back living for families.

Our promise is to build a state-of-the-art physical infrastructure which will be laid out aesthetically in our beautiful natural environment. Our prosperous community supports a safe and healthy lifestyle which is supported by affordable natural living and a vibrant tourism and agriculturally-based economy!

We promote good governance by providing sustainable, efficient, cost effective, adequate and affordable services to all our citizens.

MISSION:

To achieve our vision by enabling optimal performance within each of the five Key Performance Areas of Local Government within the context of available resources.

VALUES:

- Commitment;
- Transparency;
- Honesty;
- Trustworthiness; and
- Care

TABLE OF CONTENTS		
	VOLUME I: ANNUAL REPORT	
CHAPTER	CONTENTS	PAGE NO.
1	Component A: Mayor's Foreword and Executive Summary	1-3
	Component B: Executive summary	
	1.1 Municipal Manager's Overview	4-6
	1.2 Municipal Functions, Population and Environmental overview	7
	1.3 Service delivery overview	9-10
	1.4 Financial Health overview	10-36
2	INTRODUCTION TO GOVERNANCE (KPA 5)	
	Component A: Political and Administrative Governance	
	2.1 Political Governance	37
	2.1.1 Council	37
	2.1.2 Municipal Public Account Committee (MPAC)	37
	2.1.3 Administration	38
	2.2 Public Accountability and participation	38
	2.3 Intergovernmental Relations	38
	2.4 Public Meetings	38
	2.5 IDP participation and alignment	39
	2.6 Risk Management	40
	2.7 Anti-Corruption and Fraud	40
	2.8 Supply Chain Management	40
	2.9 By-laws	41
3	SERVICE DELIVERY PERFORMANCE (KPA 1)	
	Component A: Basic Services	
	3.1 Water Provision	42
	3.2 Electricity	47
	3.3 Housing	50
	3.4 Roads	52
	3.5 Waste Water	55
	3.6 Fleet Management	56
	3.7 Planning	57
	3.8 Local Economic Development	59
	3.9 Introduction to Libraries; Archives and Community Facilities	64
	3.10 Cemeteries and Crematoriums	66
	3.11 Waste Management	67
	3.12 Pollution Control	69
	3.13 Bio-diversity and Landscape	71
	3.14 Environmental Health	74
	3.15 Fire	78
	3.16 Other (Disaster Management, Animal Licensing and Control, Control of Public Nuisances and other	82

4	ORGANISATIONAL DEVELOPMENT (KPA 2)	
	Component A: Introduction to the Municipal Personnel	131
	4.1 Employee Totals, Turnover and vacancies	132
	Component B: Managing the municipal workforce	
	4.2 Policies	133
	4.3 Injuries, sickness and suspension	134
	ANNEXURES	
ANNEXURE		
A	ORGANISATIONAL STRUCTURE (ORGANOGRAM)	
B	AUDITOR GENERAL AUDIT FINDINGS 2014/2015	
C	OVERSIGHT REPORT 2014/2015	
D	SECTION 72 – MID YEAR BUDGET AND PERFORMANCE REPORT 2014/2015	
E	ANNUAL FINANCIAL STATEMENTS 2015/2016	
F	NDLAMBE SCHEDULE OF MEETINGS	

CHAPTER ONE

COMPONENT A: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

MAYOR'S FOREWORD

"Together we can build better Communities"



Reconciliation means that those who have been on the underside of history must see that there is a qualitative difference between repression and freedom. And for them, freedom translates into having a supply of clean water; having electricity on tap; being able to live in a decent home, and have a good job; to have accessible healthcare. I mean, what's the point of having made this transition if the quality of life of these people is not enhanced and improved? If not, the vote is useless! **(These words were said by Arch Bishop Desmond Tutu, in 1999).**

Section 152 of the 1996 Constitution of the Republic of South Africa clearly set out the objectives of local government. The Constitution of 1996 directs local government to be democratic and accountable to local communities; ensure provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment and to encourage the involvement of communities and community organisations in the matters of local government. Most importantly the Constitution which all we are subscribed to provides that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in Section 152 (1). Since the year 2000, the local sphere of government entered into a new phase of developmental local government. Developmental local government puts forward a vision of developmental local government which centers on working with local communities to find sustainable ways to meet their needs and improve the quality of their lives.

I am directed by Section 127 (2) of the Local Government: Municipal Finance Management Act, 56 of 2003 to *inter alia* table the municipal annual review or report to full ordinary council within seven months after the end of a financial year. This is a legislative requirement which has to be adhered to, but we have to move beyond just complying with both Municipal Finance Management Act and Municipal Systems Act, 32 of 2000. This report gives an account of what has been achieved or not achieved during the period under review. Since the inauguration of the new municipal council on the 2nd of June 2011, we committed ourselves both political and administratively to work with our people to ensure faster improvement in rendering municipal services to our communities (**"Together we can do more"**). Since our election to office public participation has been improved, things started to be done differently and with some degree of speed, cleaning of verges improved including cutting of grass across the municipality improved dramatically, the annual municipal budget was increased by 12% for 2014/2015 financial year, this decision was taken after due consideration of public comments and the fact that the municipality has to be financially viable and to be able to respond the needs of the our communities

The year under review saw us directly interacting with our communities during "Mayoral Imbizos". During these interactions the Municipal Integrated Development Plan (IDP) and Budget was discussed together with our communities. This demonstrated a level of commitment on our side and the positive reception we have received from our people across Ndlambe, it indeed inspired us, and hence I still maintain that "together we can do more". During the year under review we have strengthened our working relationship with our stakeholder i.e. Ndlambe Ratepayers Forum, Business Forum, Tourism and other community based organisations, during this process we have learnt from them about where we need to improve and in turn they understood our challenges. I must say that a solid relationship is built over many years, therefore I encourage our stakeholders and people not to despair rather work with us to improve the conditions in which our people live under.

I wish to categorically and without any contradictions state that since 2001 this municipality has done fairly well in addressing service delivery challenges that we have inherited from the past apartheid regime. We have done fairly

well on the following basic essential service delivery components: - piped water household connections, provision of electricity, provision of human settlements, employment creation, refuse removal and sanitation. If anyone challenges my assertion on Ndlambe Municipality impressive service delivery record since 1996, I invite members of our communities to read census 2011 Municipal Report: Eastern Cape Province, in the document facts and figures are clearly shown. However there is a lot that needs to be done to improve the lives of our people in the municipality, but I must mention that since census 2001, unemployment rate has decreased from 35% to 30% by 2011. This shows a significant drop and thanks to our strategies and the role that is played by the private sector (business), government departments and private individuals.

However, it must be made clear that our main challenges going forward remain to be the following:-

- (a) Roads;
- (b) Water and sanitation;
- (c) Waste management and
- (d) Socio-economic disparities.

If all of us can adopt right or positive attitude, there is no doubt we can overcome these challenges. I therefore wish to borrow the wise words of Dr John Maxwell, in his book "The Winning Attitude" he writes;

Attitude.....

It is the "advance man" of our true selves.

Its roots are inward but its fruit is outward.

It is our best friend or our worst enemy.

It is more honest and more consistent than the words.

It is an outward look based on past experiences.

It is a thing which draws people to us or repels them.

It is never content until it is expressed.

It is the librarian of our past.

It is the speaker of our present.

It is the prophet of our future.

Good attitude among players do not guarantee a team's success, but bad attitudes guarantee its failure. **(By Dr John C Maxwell)**

Lastly, let me thank my colleagues (EXCO members & Councillors), the administration led by Adv. R Dumezweni, Section 56 Directors, Middle Managers, our work force (the man and women) who clean our streets, who cut grass, who attend to complaints of water and sewerage leakages to all of them equally I thank them, to thank also the leadership of both unions (SAMWU and IMATU) for their leadership guidance to their members during the year under review. I wish also to convey a word of gratitude to our communities we serve, our stakeholders, Community Faith Based Organisations, Non-Governmental Organisations, Business Community, our sector departments and our District Municipality. I wish also to thank our office support staff both in the office of the Municipal Manager and my office.

COUNCILLOR S R TANDANI

MAYOR

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW



Pursuant to Section 121 of the Local Government: Municipal Finance Management Act, No. 56 of 2003, every municipality and municipal entity must for each financial year prepare an annual report in accordance with the Chapter 12. The purpose of an annual report is to provide a record of the activities of the municipality during the financial year to which the report relates. It provides a report on performance against the budget of the municipality and promotes accountability to the local community for the decisions made throughout the year by the municipality. The overarching strategic document that all these needs of the community, the budget and the scorecards on performance of the institution are derived or emanates from, is the municipal Integrated Development Plan.

The foreword will only highlight a broad overview or synopsis on the performance report of directorates/institution on the Key Performance Areas and priorities thereon as they appear or included in the IDP and budgeted for in the 2015/2016 financial year. The methodology that is going to be used is to follow the National Treasury Annual report template guidelines however it will still take the form or follow the five Key Performance Areas of the Department of Local Government which are the basis of the scorecards of Section 57 Managers. The Municipality has committed itself through its IDP to deliver on the following priorities in the next five years and I will briefly elaborate on the 16 cardinal ones only.

- Water
- Sanitation
- Roads
- Housing
- Electricity
- Land
- Fleet
- Building control /Town Planning
- Public facilities
- Recreational and sport facilities
- Cemeteries
- Waste management
- Environmental conservation
- Fire and emergency services
- Access to (free) basic services
- Competent and performance driven municipal services
- Corporate governance
- Credible Integrated Development Plan
- HIV/AIDS
- Special programmes
- Communication
- Internal Auditing
- Economic growth
- Tourism
- Agriculture
- Revenue collection
- Supply Chain Management

- Sound financial management system
- Well-functioning council
- Public participation consultation

Ndlambe municipal communities are no longer suffering inadequacy of water especially during festive season in particular in Port Alfred, Bushmansrivermouth and Kenton-on-Sea which areas are visited the most by tourists during this period. More sources of water were revived and other water conservation programmes like “roving plumbers in the townships” and water harvesting were introduced. Obviously sanitation goes hand in hand with water. More households have been connected to the sewerborne. Nemato has benefited to a bucket eradication project of not less than R53 million. A business plan has been submitted for the town so that it is also connected. Roads are continuously maintained however it is very difficult to keep pace with the rate in which they are aging given our financial state of affairs. Council has taken stance to pave roads and this will take place in years to come funds allowing.

Application for low cost houses for Port Alfred (Thornhill), Marselle and Alexandria have been submitted to the Department of Human Settlement however water is a stumbling block to the commencement of building. Some houses have been rectified in Port Alfred and Alexandria however this is a drop in the ocean given the myriad of snags in the houses. Applications for rectification of houses in all the townships have been submitted to the Department of Human Settlement but it is only in Alexandria where the department has approved the application for all the affected households and has also started.

The municipality has outsourced the maintenance of electricity and the service provider is doing well. Eskom has just electrified 361 Marselle households. Indigent households are provided with free electricity which is 50KW per month and 6 kilo litres of water each month. Houses in particular squatter have been provided by gel stoves in the meantime as means of alternative energy.

Building Control remains a serious challenge in the area especially in the townships where people are building without following the building regulations and as a result of this there is a potential that the municipality may be losing a lot of revenue and the households who are contravening the building regulations are exposed to danger because they are living in houses that have not been approved by the relevant authorities. The municipality is doing by all means to overcome this challenge as it is one of the highest risk.

The municipality is also facing a challenge of cemeteries which are becoming full at a very fast rate due to the HIV/AIDS pandemic which is rife in the townships and the quick urbanisation however the relevant department is busy with the necessary process to acquire land for graveyards. Other methods of burying the dead especially in the township where these are foreign e.g burying two people over each other in one grave, cremation etc. to prolong the lifespan of these graveyards are introduced and encouraged.

The municipality has introduced an environmental levy which is used on waste management especially on licensing the sites and maintenance. Also recycling of waste is being introduced in two of these landfill sites so that the communities can generate income and in the process prolong the life span of the landfill sites. This also contributes to the call from the government and legislation to introduce climate change intervention measures in our practices.

The municipality bought laptops for Councillors to enhance paperless administration and their empowerment. This will also impact on sustainability of resources in this age of going green because less trees will be cut. The municipality has developed an HIV/AIDS plan and programmes are formulated to implement that plan. The challenge is that there is not enough staff in that unit to cover the whole municipal area given the fact the infection rate in the area is very high. During employee wellness days two-thirds of the municipal staff do test for HIV/AIDS and other chronic illnesses and this is highly commended.

The other critical unit is the Internal Audit which is responsible for oversight. The Internal Auditor facilitates and coordinates meetings with all oversight Committees viz Audit Committee and MPAC and implement any other

relevant programmes that are meant for oversight. The other important priority is revenue collection. As we speak our collection rate is 83 per cent and two additional employees have been appointed so that our revenue collection can be increased. Lastly we strive for clean administration which ultimately results in clean audit. So far we have been receiving qualified audit reports for the past four financial years. We have not used consultants to do our Annual Financial Statements and Annual report and this has yielded results in the sense that our staff responsible for this function has been empowered.

In conclusion, we strive to produce credible Integrated Development Plan and so far the Department of Local Government has rated us as medium. This is very critical to excel on because excellent rating means excellent planning and excellent planning means excellent service delivery which we have committed to render. I therefore affirm or assert that the annual report is to my best knowledge the true reflection of what the municipality has managed to do in the 2015/2016 financial year.

ADVOCATE R DUMEZWENI

MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Ndlambe municipality, as a Category B municipality performs such municipal functions as enshrined in the Constitution of the Republic of South Africa, 1996. In particular these are listed in Schedule 4 part B & Schedule 5 part B. These include:

Air pollution	Water & sanitation services limited to potable water supply systems and domestic waste-water and sewerage disposal systems
Building regulations	Beaches and amusement facilities
Electricity	Billboards and display of advertisements in public places
Fighting services	Cemeteries and funeral parlours
Local tourism	Cleansing
Municipal Planning	Control of public nuisances
Municipal Health Services	Control of undertaking that sell liquor to the public
Jetties & Piers	Facilities for accommodation, care and burial of animals
Stormwater management system	Fencing and fences
Trading regulations	Traffic and parking
Licensing and control of undertaking that sell food to the public	Municipal roads
Local amenities	Noise pollution
Local sport facilities	Pounds
Municipal parks and recreation	Public places
Refuse removal, refuse dumps and solid waste disposal	Street trading
Street lighting	

The Ndlambe municipality also performs other functions that may be delegated to it by another sphere of government.

The Ndlambe municipal area falls within the Eastern Coastal Zone (one of the areas within the Cacadu District Municipality that has similar geographical characteristics and requires similar geographical guidance). This area can be described as an area with:

- A pristine coastal area;
- Well preserved river mouths and inter-tidal areas;
- Diverse vegetation;
- A relatively low density development along the coast; and

- Major tourism potential

The following is the presentation and analysis of key Ndlambe municipal population and household statistics as provided in the Census, 2011.

Population

Population by age group and gender

Age	Male	Female	Total	%Male	%Female
0 - 4	3006	2796	5802	4.9	4.6
5 - 9	2593	2538	5131	4.2	4.1
10 - 14	2261	2243	4504	3.7	3.7
15 - 19	2469	2464	4933	4	4
20 - 24	2549	2408	4957	4.2	3.9
25 - 29	2509	2571	5080	4.1	4.2
30 - 34	2032	2266	4298	3.3	3.7
35 - 39	2014	2218	4232	3.3	3.6
40 - 44	1767	2269	4036	2.9	3.7
45 - 49	1571	1998	3569	2.6	3.3
50 - 54	1477	1906	3383	2.4	3.1
55 - 59	1223	1526	2749	2	2.5
60 - 64	1052	1362	2414	1.7	2.2
65 - 69	814	1039	1853	1.3	1.7
70 - 74	734	1003	1737	1.2	1.6
75 - 79	424	588	1012	0.7	1
80 - 84	282	453	735	0.5	0.7
85 +	258	492	750	0.4	0.8
Total	29035	32140	61176	47.5	52.5

Source: Census, 2011

The Census 2011 data suggests a total population of 61 176 compared to the Census 2001 data which suggested a total population of 57 241, as compared to the 2005 backlog study figures of 58 927 and a total number of households of 18 913. The Socio Economic Profile of Cacadu estimates the population of Ndlambe Municipality at 63 000. The community survey (STATS SA – 2007) concurred with this population figure. When one compares Census 2011 population data with Census 2001, the population of Ndlambe has increased by a margin of 3935 persons and this represents a percentage increase of 1,2 per cent. This could be attributed to an influx of people from the surrounding areas to look for job opportunities in the new industries that have emerged in the municipal area. Also, the Thornhill housing development has attracted some individuals who were living outside Ndlambe to come back and settle in their newly built RDP homes. Another contributor to this population growth is the migration of people from inland towns and cities to the coast. This influx also impacts negatively on the unemployment rate which currently stands at 30.3 per cent with youth unemployment rate standing at 39 per cent.

The bulk of the migration patterns being experienced within the Municipality are due to holiday makers (approximately 33 000) in the peak season. The influx of seasonal holiday makers equates to approximately 56% of the permanent resident population and places tremendous pressure on the available infrastructure of the area. There is a small migration impact on the agricultural sector related to the harvesting of chicory and pineapples, which has no effect on the immediate service delivery as these activities take place on private land. It does,

however, impact on the Municipality in the longer term as some migrant labour decides to remain once the seasonal work is completed.

Although undocumented, the Municipality is also dealing with an influx of farm workers to urban centres as well as people from neighbouring municipalities seeking new economic opportunities. This is placing increasing pressure on the housing delivery program and efforts to eradicate informal settlements.

Number of households

Household size by population group of head of the household

	Black African	Coloured	Indian or Asian	White	Other	Total
1	3837	174	14	987	39	5051
2	2779	212	22	1714	54	4781
3	2491	226	12	443	24	3196
4	2138	232	1	349	6	2726
5	1290	155	4	97	3	1549
6	745	93	1	38	1	878
7	485	56	1	11	1	554
8	244	15	1	2	0	262
9	140	10	0	3	0	153
10+	167	14	0	0	0	181
Total	14316	1187	56	3644	128	19331

Source: Census, 2011

Based on the above data, the average household size is 3.2 persons per household. Of the total number households, 42.6 per cent are female headed. Given the high percentage of female headed households the municipality's planning and projects should be targeted at reaching out to these households. Furthermore, there is a need for the municipality to engage relevant sector departments, such as Social Development and Women, Children and People with Disability, in this regard.

1.3 SERVICE DELIVERY OVERVIEW

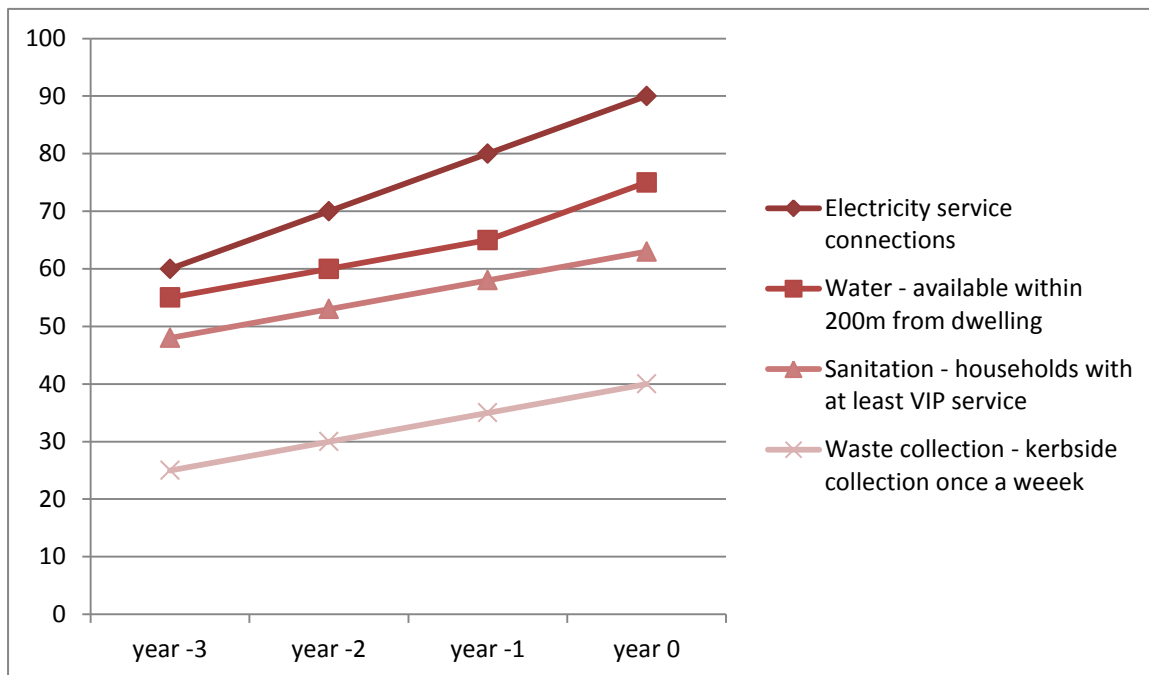
SERVICE DELIVERY INTRODUCTION

Basic service delivery achievements have been noteworthy and are continuing. Council has acknowledged that the biggest stumbling block to transformation and development within the municipal area has been suitable access to sufficient water. Council then embarked on a multi-year strategy to improve the water supply to the consumer base of Ndlambe Municipality. Implementation of these projects is underway. Other recent service delivery achievements include the various improvements and upgrades to various Waste Water Treatment Works, Technical upgrades to sewerage systems maintenance competency within staff. Candidates were selected from existing staff to attend a National Qualification Framework Level 2 Course in process control - thirteen candidates qualified. Labour intensive road maintenance and upgrade projects

Challenges include the following:

- Increasing unemployment levels within the consumer base.
- Increasing migration from rural agricultural sector to urban nodes
- Cost of service delivery when revenue base is considered.
- Ageing infrastructure operating in physically aggressive environment

Proportion of households with access to basic services



COMMENT ON ACCESS TO BASIC SERVICES:

It is a well-known fact that the reliability of the yields and the quality of the water from the respective water sources is in general inadequate. Furthermore the capacity of the bulk infrastructure is also inadequate especially during peak holiday seasons when holiday makers flock to the coastal resort town and the demand for municipal water supply cannot be met. This challenge is being addressed through grant funded projects. The present status quo results in many of the households in the area augmenting the Municipal supplies by establishing private rainwater harvesting facilities, which Council encourages and enforces within the building plan application process. All formal erven have access to basic services, which includes, water, sanitation, electricity refuse removal and road access. There are various levels of service but in all cases the minimum levels of service are exceeded.

1.4 FINANCIAL HEALTH OVERVIEW (2015/2016)

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is an important focus area.

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The annual financial statements for the financial year ending 30 June 2016 have been presented on the “GRAP accounting” basis. I am pleased with the entire finance team from the meter readers to the deputy director for the effort that they put into the changes that had to be made to meet the GRAP standards. The Auditor-General issued a qualified audit opinion on the financial statements of the Ndlambe Municipality for the financial year ending 30 June 2015 which is an improvement with the opinion issued on the previous financial year’s statements. Such an opinion is still not acceptable and issues raised in the report of the Auditor-General must be taken seriously and be addressed as a matter of urgency. It is very important that we receive an unqualified report for the financial year ending 30 June 2016 so that we can pre-prepare for a clean audit by the financial year ending 30 June 2017.

The Ndlambe Municipality had six matters that led to a qualified audit report for the financial year ending 30 June 2010, two matters that led to a qualified audit report for the financial year ended 30 June 2011, seven matters that led to a qualified audit report for the financial year ending 2012, six matters that led to a qualified audit report for the financial year ending 2013, a disclaimer for the financial year ending 2014 and one matter that led to a qualification for the financial year ending 30 June 2015

The issues that led to a qualified opinion for the financial year ending 30 June 2015 were as follows;

Basis for a qualified audit opinion

Irregular expenditure

The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 125(2) (d) (ii) of the MFMA. The irregular expenditure disclosed in note 42 to the financial statements is understated in respect of amounts incurred and identified during the audit process of R12,6 million (2014: R14,9million). Due to the lack of systems, it was impracticable for me to determine the full extent of the understatement of irregular expenditure disclosed at R39,6million (2014: R79,2million).

Every effort was made to address the issues raised by the Auditor-General in both the audit report and the audit management letter for the audit of the financial year ending 30 June 2015. An audit check list was developed and is being monitored by the internal auditor to ensure that we improve in the areas identified. Further controls and action plans have been implemented by the finance directorate to ensure that the financial statements are prepared timeously and that we work towards a clean audit by the financial year ending 2017. To achieve a clean audit is going to be a challenge and all offices and directorates are going to have to pull together as a team to achieve the objective. The compilation of the financial statements and the audit undertaken by the auditor-general’s office is no longer just a finance issue.

The demands on the finances of the Ndlambe Municipality continue to be significant as backlogs in services, aging infrastructure, and maintenance remain a serious challenge. Emphasis has to be put on enhancing our revenue streams and collecting debt due to the Ndlambe Municipality by consumer and ratepayers that have the ability to pay. Households that receive indigent grants that are in fact not indigent also need to be addressed.

The internally funded capital budget of only R5 million, the reduction in the maintenance budget and reducing budgets for depreciation/bad debts provision/income foregone as a means to balance the budget and the increase to our customer’s needs to be seriously addressed in future financial years as the aging infrastructure needs to be replaced and maintained.

A major challenge that continues to face the administration of the Ndlambe Municipality and highlighted in the Auditor-Generals management letter, is the implementation and compliance to regulations emanating from the Municipal Finance Management Act including but not limited to supply chain management issues, asset management and budget control.

FINANCE DIRECTORATE

The finance directorate is a support directorate to other directorates and customers of the Ndlambe Municipality. The finance directorate consists of four sections namely the Budget and Treasury Office, Supply Chain Unit, Revenue and Expenditure. The main office of finance is situated in Port Alfred with three satellite offices in Alexandria, Kenton-on-Sea and Bathurst.

The objectives of the finance directorate for the 2015/2016 financial year were as follows;

- To revise and complete the entire Municipality's asset register to be GRAP Compliant (Generally Recognised Accounting Practice)
- Ndlambe is able to raise sufficient revenue (internal and external sources) and manage the assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff
- To maintain Finance assets
- To improve communication of the budget process
- To implement mSCOA according to National Treasury Circulars and guidelines.
- Households living below the poverty line, as well as vulnerable groups, have improved access to all required basic services, health facilities and social/ work creating programs
- Develop the Supply Chain Management Unit to be in line with the SCM policy and meet the requirements of good practice and address all issues raised in the report of the Auditor-General
- To ensure financial resources are utilised in an economical, efficient and effective manner
- Develop the capacity of the Budget and Treasury Office (BTO) to meet the requirements of credible financial management.
- To ensure that all revenue is collected on a monthly basis to cover the operating expenditure of the municipality on a daily basis
- To ensure all indigents have access to free basic services.
- To ensure an effective customer care service to all residents.
- To work toward a clean audit by 2017

To meet the above objectives the following indicators were set that we needed to achieve;

- Percentage of progress made towards maintenance and rehabilitation of Asset register including all Finance Leases, Operating Leases, Infrastructure Assets and municipal and Investment properties
- New asset acquisitions are recorded/captured on a monthly basis.
- The existence of all assets is verified half yearly.
- All assets acquired are bar coded and insured on a monthly basis.
- Percentage increase in the possible local revenue base
- 100% spending of FMG and MSIG funds
- Increase in % of equitable share based on more accurate statistics in terms of the DORA
- Percentage decrease in non payment
- Percentage of elements of financial system utilized
- Increased in number of staff trained to effectively use the financial system
- Increase in number of useful reports generated for planning and monitoring purposes
- Increase in the investments of maintenance / upgrade of financial system
- Number of reports that meet the legal requirements at the right time
- Percentage of improved cash flow by reducing expenditure to match actual cash on hand.
- Number of Finance assets assessed and ensuring that they are utilized economically.
- Relevant advertisements and loud hailing are done within the legislated time frames
- Increase in number of households benefiting from poverty alleviation programs
- Fully operational SCM unit in line with SCM Policy and MFMA implemented
- Income and expenditure reports are provided on a monthly basis to offices and directorates for them to do budget control.
- Infrastructure investment plan is developed for development priorities in the IDP

- BTO is capacitated and trained in line with treasury guidelines (structure) and to work towards a clean audit by 2017
- Relevant officials are trained to ensure that they are able to contribute to the financial management system (treasury departments and departmental managers)
- A process plan in place to ensure all new buildings, additions to buildings, re-zoning of properties, subdivisions and consolidations are forwarded to the finance directorate on a monthly basis for billing and valuation purposes.
- All residents who do not have the financial means to pay for basic services in terms of the indigent policy are registered.
- A complaint register to reduce number of complaints from residents resulting from system errors is developed
- Increase in response time and resolution of complaints to be within 7 days of receipt

Finance Directorate Challenges

The following general challenges were experienced by the finance directorate for the year ending 30 June 2016;

- Implementation of mSCOA
- Financial viability to ensure sustainability
- Turnaround time of customer queries and complaints
- Asset maintenance and asset control to ensure sustainability
- Revenue enhancement
- Lack of office space
- Staff establishment
- Reduction of bad debt, depreciation and income foregone budget to reduce the tariff percentage increase to ratepayers and consumers
- Water losses where Amatola Water to be paid for water lost
- Impact of mSCOA and National Treasury Guidelines on the procurement of a new financial system
- Decentralisation of the supply chain unit.

Finance Directorate Composition

Creditors

Payroll:

Senior Accountant: Ms A. Barkhuizen

Administer payment of salaries and allowances. Monthly reconciliation of salaries. Payroll runs on the Friday closest to the 25th of each month where salaries are transferred electronically to staff members bank accounts .Payments made to the Pension Funds, SDL, PAYE and UIF as well as other salary deductions due, are done before the 7th of the following month.

Creditors Payments.

Creditors Clerk: M Tshiwula

Creditor's Clerk: Ms. N Mama

Administer payment of creditors. Creditors to be paid within 30 days of invoice received date on a monthly basis, statements of creditors reconciled with the orders/requisitions issued- This has been a challenge seeing that not all documentation relating to these payments have been received in time as well as the ongoing cash flow problem within the Municipality- resulting that creditors not being paid within 30 days.

Direct payments are done on a day to day basis for emergencies ,accommodation ,travelling and temporary wages

Stores:

Storekeeper: Ms Xoliswa Mjuza

Ass. Store Keeper: Ms Bulelwa Hoyi

Execute control over stock/stores -Buying and controlling of stock which includes stationery, petrol and diesel, water meters etc. Stocking taking at year end will no longer involve the participation of the storekeeper and Ass. Store Keeper, but will be done by the internal auditor and delegated staff members.

During the 2015/2016 financial year several mini stock takes took place to rectify quantities and values incorrectly captured and issued as per requisitions and purchases.

Slow moving stock, adjustment and obsolete stock items were taken to council to be written off as these were no longer in use by the Municipality.

A mini stock take was then done at the end of March to determine if there were any more variances on the stores module vs stock on hand as well as to confirm that the quantities and values were correct.

The strategic objectives of the Creditors Section are to:

Creditors:

To utilise all the functions available on the creditors-abakus system in order to be more effective on directs/creditors payments

The key issues for 2015/2016 were:

- To get all expenditure processes computerized
- Balance all stock items and bin cards to the stores sub-ledger
- Balance and reconcile creditors statements

Revenue

Overview:

The revenue section within Ndlambe Municipality covers a wide range of functions which are of an administrative nature. It plays a pivotal role in revenue generation and collection activities through;

- Formulation, implementation and reviewal of relevant revenue policies
- Ensuring compliance to national, provincial and local government legislation.
- Active participation in various government structures to promote intergovernmental.
- Engaging in revenue enhancement activities by billing for services consumed, provide key statistical data for setting annual tariffs, undertaking banking services, meter readings for billing purposes.
- Facilitation of property general and supplementary valuations and finally rating of properties.

One of the critical functions of the department is to continuously, monitor expenditure and give advice to other directorates to ensure that expenditure is within approved budget. Financial management is not only inward focussed, it provides a wide range of services to local communities. It serves as a delivery mechanism for free basic services.

Free Basic Services

Financial function is responsible for facilitating an enabling environment for the implementation of free basic services by developing policies to be approved by council. It is through these policies that local communities can access this services. Communities are assisted by the Finance department to apply for these services and thereafter facilitate payment for such services.

Different mechanisms are considered to extend the provision of certain free basic services to informal settlement and rural areas. Such services are provided through an alternative sources of energy namely gel.

Service Delivery

The Finance department is one of the key role players in service delivery. Finances' role is to provide support to the departments that are directly involved in service delivery. Such support is ensuring of cash resources, these resources are generated through various billing activities, collections of payments due are done by the finance department. One of the greatest challenges that Ndlambe is faced with is electricity distribution in townships which fall under ESKOM's electricity distribution licences. The challenge is in the distribution network that is currently in place. It must be noted that this problem is not only in Ndlambe.

There are number of problems to mention a few, insufficient credits levels maintained by the vendors resulting unavailability of electricity to consumers. The matter has been addressed with

ESKOM, but no solution has been provided to us.

Property Valuations

A supplementary valuation was carried out during the 2015/2016 financial year to rate new properties and properties that have had improvements done. The supplementary valuation roll was completed and implemented.

Strategic Objectives

The following are finance key strategic objectives which will contribute towards achievement of the municipality's strategic objectives;

- Creation and maintenance of a credible valuation roll
- Building and maintenance of a good customer relationship
- Creation and maintenance an internal customer approach when serving other internal departments.
- Reduction of errors in billing
- Ensuring maximum collection of municipal revenue through billing and revenue collection.
- Capacitating of departmental staff
- Use of various tools, equipment, to enhance revenue collection
- Identification of unbilled and unmetered consumption to enhance our revenue base.

Key issues for 2016/2017 financial year are;

The focus will be on the following issues, which are critical for service delivery and financial viability of Ndlambe Municipality, these will include but not limited to the list below;

- Resourcing the department
- Capacitating staff
- Improving billing and credit control information system/reports
- Increasing the number of registered indigents
- Reduce account queries
- Shorten account query response time
- Increasing debt collection efforts
- Improving customer relations
- Exploring other debt collection mechanisms
- Ensuring continuous supply of electricity to consumers in Ndlambe townships.
- Increased accessibility of Free basic Electricity to indigent people through ;
 - Indigent registration and
 - Issuing of free tokens without purchasing coupons.
 - Provision of alternative energy sources to rural and informal settlement communities.

It must be noted that due to processes to be followed some of the issues may be both short and long term issues

Budget And Treasury Office

Budget and Treasury Office was established in terms of section 80 of the MFMA. It consists of BTO managers reporting directly to the CFO:

- Senior Accountant (2),
- Asset Clerk,
- Three Interns
- Mentor reporting to the BTO Manager.

The functions of the BTO are as follows:

- Budgeting,
- Financial Statements & Reporting,
- Asset Management,

- Cash Management,
- Investments
- Insurance.

The function of the budget and treasury office within the municipality is administered as follows and includes:

Budgeting

The Municipality's annual budget comprises of an operating budget and a capital budget. The operating budget funds employee salaries, operating costs, purchases and assistance for the poor, such as free basic water and sanitation. The Municipality's business and service delivery priorities were reviewed and where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The focus is to critically review expenditure on non-core items.

The capital budget is set aside for spending on infrastructure and services, such as roads, water and sanitation as well as the many other utilities and services that Ndlambe Municipality needs in order to function, grow and offer opportunities to its residents.

The entire budget amount per annum is based on the income that the Municipality accrues on rates, service charges, and grants and subsidies. Budgeting on the accrual basis enforces strict cash control measures as before expenditure can be incurred the income must be in the bank. The municipality has to move to a cash budget so that expenditure can be more certain.

BTO's involvement in budgeting starts from the planning, strategizing, preparing, and tabling, approving, finalizing and implementation stage. The planning and strategizing stages are done through the political guidance by the Mayor. i.e. review of time table schedule and the previous year's budget process to determine what went wrong, what should be corrected and the way forward. This can be done through internal and external participation. The preparation to the finalizing stage of the budget is done by the BTO with the assistance of the Accounting Officer and the co-operation of the other directorates. After the implementation the BTO conducts the in-year monitoring of the budget. The major difficulties we encountered in the budget preparation are the directorates are not adhering to the time table schedule approved by the council. The directorates are not procuring according to their budget. IDP is not aligning to the budget. The directorate does not prepare their departmental SDBIP.

The strategic objectives of this function are to:

- Compile well balanced, representative and affordable budget informed by the IDP and available resources.

The key issues for the financial year are:

- The in-year monitoring to control the budget.
- Engaging of the Mayor and the Accounting officer involvement in the budget in order to achieve a smooth budget process.
- To include the SDBIP in the Budget process

Financial Statements And Reporting

The BTO coordinates the process of preparing the financial statements with the finance management team. The finance management team is required to prepare statements that are in accordance with generally recognized accounting practice (GRAP). The financial Statement are handed over to Auditor General at the 31 August for auditing purposes as required by the S126 (1) b of the MFMA. The BTO prepares the monthly, quarterly, half yearly and yearly reports to Council, National and Provincial Treasury based on the requirements required by the MFMA.

The strategic objectives of this function are to:

- Compile accurate and reliable financial statements and reporting which reflect the true financial position of Council.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to achieve an unqualified audit report.

The key issues for the financial year are:

- Striving to produce financial statements that are fully complying with GRAP.
- To develop a monthly checklist to correct errors on matters affecting the financial statements before the reporting date.

Asset Management

BTO coordinates the verification of assets towards the year end. Control the movement, transfers, acquisitions and disposals of Council assets on a daily basis. Report to Council a list of assets to be disposed for approval.

The strategic objectives of this function are to:

- Keep record and the movement of Council assets.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to locate, identify and revalue all Municipal Assets.
- Ndlambe Municipality is able to raise sufficient revenue (internal and external sources) and manage their assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs.

The key issues for the financial year are:

- To maintain the asset register on a monthly basis.
- Ensuring that the Council asset register complies with GRAP.
- Conducting a monthly checklist ensuring the asset register balances with the ledger.

Cash Management

Prepares a daily cash flow to determine whether the council is in the status to spend from the budget. Informs the directorates if there are cash flow problems.

The strategic objectives of this function are to:

- To secure sound and sustainable cash flow management of the Council.

The key issues for the financial year are:

- To review the cash management and investment policy in accordance with any framework that may be prescribed in terms of s13 (1) of the MFMA.

Investments

The BTO maintains the quotation register. Identify monies that are transferred to the Council current account and invest monies not immediately required. Prepares the monthly reconciliation, realises and re-invest investments on the due date. Make withdrawals on the investments to the revolving fund, debit the current account with the original money invested and credit the vote provided by a specific director.

The strategic objectives of this function are to:

- To secure sound and sustainable investment procedures of the Council.

The key issues for the financial year are:

- Implement authorization and review the investment decision made of the employee making the investment

Insurance

The BTO register all the new assets to the insurance company take out the disposed assets from the insurance list. Make insurance claims for the damage or stolen assets. Allocate payments received from the insurance company to the relevant vote. Update insurance claim register.

The problems encountered when implementing the insurance activity are directorates are not informing the BTO of the new acquisitions and stolen assets for insurance additions. Directorates are submitting insufficient information for insurance claims and are not adhering to the terms of the insurance contract. i.e. late submissions

The strategic objectives of this function are to:

- To ensure all the Council assets as per asset register are insured.

The key issues for the financial year are:

- To review the fixed asset register to comply with GRAP and ensuring that the fixed assets are at the market value for the insurance purposes.

SUPPLY CHAIN MANAGEMENT

REPORT FOR THE PERIOD 1 JULY 2015 TO 30 JUNE 2016

SUPPLY CHAIN MANAGEMENT POLICY – Paragraph 6(3)(a) and 6(4) REPORT – 2015/2016 FINANCIAL YEAR

Extracted from the SCM Policy as approved by Council on 30 June 2015:

“6. Oversight role of the council

(3) For the purposes of such oversight, the accounting officer must –

*(a) within 30 days of the end of each **financial year**, submit a report on the implementation of this policy to the council through its mayor;*

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

*(4) The accounting officer must, within 10 days of the end of **each quarter**, submit a report on the implementation of this policy to the mayor.*

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act.”

REPORT FOR THE PERIOD 1 JULY 2015 TO 30 JUNE 2016

1. Staffing Matters

During the 2015/2016 Financial Year, the two permanent and one contract members of the Unit continued to face many challenges, due mainly to an insufficient number of staff members in the Unit to carry out the full range of duties as set out in the Municipality’s Supply Chain Management Policy.

The post of Supply Chain Management Practitioner, which, **since December 2012**, has been filled by a contracted employee, has been approved on the organogram and was provided for in this Unit’s 2014, 2015 and 2016 operating budgets. To ensure sustained compliance with Best Practice processes, and to address to issues raised previously by the Auditor-General, it is considered essential that this new post be filled on a permanent basis as soon as possible. However, the Task Grading in respect of this new post has, as at 30 June 2016, still not yet been completed, and it would appear that a permanent appointment cannot be made until this process has been concluded. Concerns therefore remain regarding continuity and the efficiency of the SCMU. The post of Supply Chain Clerk remains the only currently occupied post which has yet to be task

graded. No firm indication has been provided by the Human Resources Section as to when this evaluation will be completed.

2. Office Infrastructure

The SCMU Office continued, since occupying the 44 Campbell Street premises in November 2012, to operate without being linked to the municipality's telephone switchboard system, which resulted in inefficiencies and customers (internal and external) being unable to contact the office (except via e-mail). The central municipality switchboard had resorted to transferring calls through to the SCMU staff's (Acquisition Officer and Supply Chain Clerk) private cellular telephone numbers and, more recently, had been giving callers these private numbers and suggesting that the staff be contacted directly.

This situation was resolved in May 2016 when all three staff SCMU members were provided with corded VoIP handsets which were linked to central municipality switchboard. Attempts to arrange for training on the finer points of utilisation of the system are being made by the Finance Department.

3. Decentralised Supply Chain Processes

It remains a challenge to fully and comprehensively comply with the administrative and reporting requirements of legislation due to the currently dispersed nature of responsibility for the various Supply Chain Management functions.

The lack of central co-ordination regarding Supply Chain matters such as bid notice preparation, bid committee minutes and agendas, notice placement and other related issues remain an obstacle in complying with the required processes contained within the Supply Chain Management Policy.

Although the ideal situation would be to establish a fully-fledged centralised Procurement Section at Ndlambe Municipality, the problem remains that it would be an extremely costly exercise, and would place enormous strain on the overall constraints of restricting increases in budget expenditure. However, until such time that this situation is comprehensively addressed, the Municipality will run the risk of not fully complying with legislated requirements.

4. Ndlambe Municipality Supplier Database

The Supplier Database program, which was developed specifically for Ndlambe Municipality in 2006, became completely non-functional when the Acquisition Officer's computer was upgraded before the commencement of the 2012 financial year. This Unit is therefore currently unable to process applications from suppliers to be registered on the database, which has resulted in compliance issues being raised by the Auditor-General. It should be noted that, in terms of National Treasury recommendations relating to mSCOA implementation, no acquisition of new/replacement software of any type should take place until such time that the accredited service providers (SCOA compliant) have been named by National Treasury.

By amendment to the Supply Chain Management Policy, the municipality's supplier database, with effect from 1 July 2016, has become, *de facto*, the Central Supplier Database (see below).

5. Web Based Central Supplier Database (CSD)

In November 2015, the National Treasury undertook engagements with system vendors to determine their system compatibility to integrate with the CSD to avoid interruption to institutions of government. Further engagements were held in February 2016, where all service providers were requested to share progress and discuss challenges in relation to integration and system simulation to ensure seamless integration.

The National Treasury, in partnership with the Provincial Treasuries, developed and facilitated online self-registration training for service providers and user search for supply chain officials.

With effect from 1 July 2016, Municipalities must use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations. This means that the requirement for Ndlambe Municipality to operate and maintain a separate supplier database has fallen away, as all organs of state (including municipalities) must, from 1 July 2016, make exclusive use of suppliers who are registered on the CSD.

To this end:

- The Supply Chain Manager attended a training session on 20 April 2016 in Port Elizabeth, which was convened by the Nelson Mandela Bay Municipality and presented by Mr Maleke Matolong of National Treasury.
- The Acquisition Officer and Supply Chain Clerk attended a training session on 14 June 2016 in East London, which was convened by the Amathole District Provincial Treasury office.
- A notice was placed in a newspaper in local circulation (on 26 May 2016), on municipal notice boards and on the municipality's website (20 May 2016), inviting/encouraging all current and prospective suppliers to the municipality to register on the Central Supplier Database.
- An amendment, in line with the recommendations of National Treasury regarding compulsory CSD registration, was proposed to be made to the Supply Chain Management Policy of the municipality.
- SCMU officials have been assisting many local potential suppliers to register on the CSD.
- The CFO has requested all departments to advise suppliers of the requirement to register on the CSD.
- The Supply Chain Manager has been registering Ndlambe officials as users on the CSD so that user departments can search this database for potential suppliers. This is an ongoing process.

The response from, particularly local, current suppliers to the municipality has, regrettably, been extremely poor. Ongoing efforts to encourage registrations are being made but there exists a considerable risk that the municipality, in order to ensure ongoing service delivery, may be left with no other option than to transact with unregistered suppliers.

The current user-friendliness of the CSD has proved to be rather challenging, and suggestions are being made on an ongoing basis to National Treasury regarding possible improvements to this aspect of the system.

6. Minimum Competency Levels

Section 119(1) of the MFMA states that: *"The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels."*

Both the Head: Supply Chain Management and Acquisition Officer must therefore comply with the requirements of the National Treasury: Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels in this regard.

The Head: Supply Chain Management commenced the required studies in April 2013 and should meet the competency requirements by early 2016 as the outstanding Unit Standards will be presented only on a distance learning basis by the training provider, Stellenbosch University. The Acquisition Officer commenced with these required studies during 2015 financial year.

The Acquisition Officer is enrolled at Fort Hare University but, due to ill health, has missed six Unit Standards. The Supply Chain Manager directed an e-mail to the university on 18 March 2016 regarding the completion of these standards, but has yet to receive a reply.

7. Abakus System shortcomings

There many shortcomings regarding the quality of the actual orders which are generated by the Abakus system, and matters such as Delivery Data, Comments, Supplier Reference Numbers, Ndlambe VAT Vendor Number and other data need to be incorporated into the order format. Due to the current apparent lack of support and development for this financial system, the shortcomings will most probably only be addressed once an alternative system is commissioned. The timing of this is unknown as it is dependent on the acquisition, most probably by way of a Section 32 Transversal Tender procurement, a SCOA Regulations NT capable system. The conclusion of this Transversal Tender process has not yet been announced by National Treasury.

8. Deviations from SCM Processes

Although tendering procedures and many other provisions of the Supply Chain Management Policy were adhered to, many deviations (as defined in Section 36 of the SCM Regulations and Para 39 of Ndlambe Municipality's SCM Policy), mostly relating to the Informal and Formal Written Quotation provisions, still occur on a regular basis. During the year under review, 397 authorised deviations, with a total value of R15 202 892, were submitted to the SCMU in support of acquisition documentation.

Concerted efforts are continually being made by the Supply Chain Management Unit to inform user departments of ways to decrease their reliance on using deviations to support acquisitions.

9. Review of Formal Written Quotation

During the year under review, the SCMU reviewed and performed evaluations and preferential points calculations in respect of Formal Written Quotation invitations (acquisitions from R30 000 to R200 000) as follows:

<u>Period</u>	<u>Number of Evaluations</u>	<u>Total Value (based on the prices of the highest points scoring bidders)</u>
Quarter 1	9	R1 621 086-00
Quarter 2	15	3 514 302-90
Quarter 3	13	2 296 665-31
Quarter 4	13	<u>1 889 229-30</u>
Total 2015/2016 Financial Year		<u>R9 321 283-51</u>

10. Assistance to User Departments - Competitive Bid documentation

During the year under review, the SCMU assisted user departments and the Bid Evaluation Committee by performing many documentation reviews and preferential points calculations in respect of the following Competitive Bid invitations (acquisitions greater than R200 000), including:

- TENDER # 018/2016 - SUPPLY, DELIVERY, COMMISSIONING AND MAINTENANCE OF OFFICE AUTOMATION EQUIPMENT (Corporate Services)
- TENDER # 064/2016 - SUPPLY AND DELIVERY OF ROAD MATERIALS - NDLAMBE AREA (Infrastructural Development)

11. Matters arising from the 2015 statutory audit

The outcomes of this audit emphasise that, in order to achieve full legislative compliance regarding the implementation of the Supply Chain Management Policy, a fully centralised Supply Chain Management system needs to be established. This would, inevitably, be an extremely costly exercise and to adequately address the affordability issue could very well necessitate excessively high increases in rates and/or tariffs. The only qualification matter raised in the 30 November 2015 report of the Auditor-General was in respect of Irregular Expenditure.

12. Annual Tender – 2016/2017 Financial Year requirements

On 8 March 2016 a workshop was held in the Council Chamber in which Ms Dyani and Mr Gates of the SCMU gave a presentation to user departments regarding the principles and requirements of the annual tender and procurement planning. Clarities were provided, templates distributed and a final date for submission of 31 March 2016 was agreed upon. However, many submissions remained outstanding and it was only on 3 June 2016 that the final submission were received.

This has obviously impacted upon the anticipated finalisation date, but it is anticipated that the relevant awards will be able to be made early in the 2016/2017 financial year.

Municipal Regulations on a Standard Chart of Accounts (mSCOA)

In terms of section 169(1) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation. The Municipal Regulations on a Standard Chart of Accounts inter alia makes provision for an updated GFS Classification Framework, Detailed Classification Framework of the 7 Segments (SCOA Version 5.5).

In preparation for the implementation by all 278 municipalities by 1 July 2017, the National Treasury, in collaboration with the respective provincial treasuries has undertaken phase 4, Change Management and Piloting of the SCOA classification framework version 5.5. and has dealt with the transversal procurement procedures for mSCOA financial systems. The necessary structures have been established and municipalities and other stakeholders are kept informed of the way forward.

Ndlambe Municipality, unfortunately, was not declared a Pilot Site by National Treasury and in the initial phases the ABAKUS financial system would not have been mSCOA compliant however certain criteria have been amended and ABAKUS is now looking as if it will be able to be upgraded to meet mSCOA requirements. However, a new financial system or an updated financial system that is mSCOA compliant will have to be procured. To meet the target date of 1 July 2017, the Standard Chart of Accounts should have been implemented from 1 July 2016, in order to effectively roll-out of the mSCOA implementation plan that has been adopted but this did not materialise due to the transversal tender and correspondence received from National Treasury on financial systems.

EMPLOYEE BENEFITS AS AT 30 JUNE 2016

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the 2015/2016 financial year and the past two financial years and it will be noted that the municipality is within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure (R'000)	Percentage
2013/2014	96 372 292	259 183 963	37.18%
2014/2015	106 460 133	244 612 251	43.52%
2015/2016	133 004 000	324 311 000	41.01%

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2013/2014	2014/2015	2015/2016	
Description	Actual	Actual		Actual
Councillors (Political Office Bearers plus Other)				
Salary Package	5 173 279	5 610 168		5 959 607
Senior Managers of the Municipality				
Salary Package	5 908 397	5 634 318		6 440 007
Other Municipal Staff				
Basic Salaries and Wages	51 243 761	57 720 837		61 807 000
Pension Contributions	8 587 814	9 678 996		10 461 605
Medical Aid Contributions	6 071 043	6 950 774		7 787 570
Motor vehicle allowance	2 712 647	2 968 123		2 760 908
Cell phone allowance	301 340	306 840		31 0740
Housing allowance	366 639	375 194		100 1495
Overtime	6 181 525	7 237 031		9 298 811
Stand-by Allowance	939 355	1 210 862		1 252 407
Financial year	2013/2014	2014/2015	2015/2016	
Description	Actual	Actual		Actual
Councillors (Political Office Bearers plus Other)				
Group Life	449 723	321 827		403 129
13 th Cheque	4 072 296	4 501 688		5 039 432
Long Service Bonuses	225 409	230 313		230 862
Other benefits / allowances	4 139 064	3 713 162		5 310 372
Sub Total	85 290 616	95 215 647		105 664 331
Total	96 372 292	106 460 133		111 623 938

Names of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Joint Pension Fund	5	LA Health	62
Cape Joint Retirement Fund	278	Bonitas	150
SALA Pension Fund	44	SAMWU National Medical Scheme	135
SAMWU National Pension Fund	99	Hosmed	14
Sanlam Pension Fund	6	Key Health	2

SERVICE PROVIDERS TO THE FINANCE DIRECTORATE STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

Section 116(2) of the MFMA further states that:

The accounting officer of a municipality must:

- take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- monitor on a monthly basis the performance of the contractor under the contract or agreement;

The following table is to provide information related to the performance of external service providers that were utilised by the finance directorate during the 2015/2016 financial year;

Contract name	Supplier name	Type of services rendered	Term of contract (in months)	Performance	Average rating	Comment and/or corrective action when under performed
Banking Services	FNB	Banking	Expired	Only issue was the slow response on electronic	Good	N/A

				banking		
Delivery of Accounts	CAB Holding	Mailing of debtor accounts	Month to Month	Issues with e-mailed accounts	Fair	N/A
Asset Verification	PWC	Compile asset register	5 Months	Slow hand-over	Good	N/A
GRAP Advisor	A2A Kapano	Assistance with AFS	5 Months	Good skills transfer	Good	N/A
Supplementary Valuation	Penny Lindstroom	Property Valuation Services	4 years	Insufficient data for appeal hearing	Fair	Matter addressed by using additional staff

FINANCE RELATED BY-LAWS

By-laws Introduced during 2014/2015					
Newly Developed	Revised	Public Participation conducted prior to adoption of by-laws (yes/no)	Dates of public participation	By-laws Gazetted* (yes/no)	Date of publication
0	0	N/A	N/A	N/A	N/A

COMMENT ON BY-LAWS:

The finance policies that were reviewed and adopted for the 2015/2016 financial year did not necessitate any amendments to the financial by-laws that are in place. The finance related by-laws are available on the municipal web-site and at the finance offices.

FREE BASIC SERVICES AND INDIGENT SUPPORT

The free basic services were funded from the "equitable share" grant received from National Treasury.

The criteria for an Indigent Household for 2015/2016 were as follows:

- ✓ The applicant must be a resident of the municipality.
- ✓ The applicant must be in possession of a valid South African identity document.
- ✓ The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold for a 100% rebate is an income of not more than two state pensions per month. The guideline relating to the threshold for a 30% rebate is an income between two government state pensions and R3500 per month.
- ✓ The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- ✓ Any occupant or resident, as per the definition of indigent, of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- ✓ A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- ✓ The account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.

- ✓ Ratable house value of less than R200 000.
- ✓ Any one of the following factors will serve as a disqualification :
- ✓ Where the applicant is a subscriber to either M-net or DSTV;
- ✓ Where the applicant has or allows any business to be operated on the property
- ✓ Where there is no written service agreement with the applicant;
- ✓ Where the applicant owns more than one property
- ✓ Where any of the documents requested in the application is not supplied.

Water leaks on the consumer side of indigent households are repaired at no cost to the household by the municipality. Great savings on water losses were affected by these actions. The municipality needs to ensure that all indigent households have pre-paid electricity and water flow limited meters to keep consumptions to the limit allowed by the policy.

The following tables indicate the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R2 800 per month will receive the free basic services as prescribed by the Ndlambe Municipality Indigent Policy.

Financial year	Total Households to Number of Indigent Households								
	Total of all Houses	Electricity		Water		Sewer		Refuse	
		Total Indigent Houses	%	Total Indigent Houses	%	Total Indigent Houses	%	Total Indigent Houses	%
2013/2014	8905	6330	71.1%	8733	98.1%	4248	47.7%	8332	93.6%
2014/2015	9618	6339	65.9%	8108	84.3%	4310	44.8%	8414	87.5%
2015/2016	9342	6415	68.67%	4849	51.91%	4086	43.74%	8865	94.89%

Financial year	Total Households to Number of Indigent Households			
	Type of Alternate Energy Provided	Alternate Energy		
		Total Indigent Houses Receiving Free Alternate Energy		
2013/2014	None	NIL		
2014/2015	Gel and Stoves	1276		
2015/2016	Gel and Stoves	1800		

Financial Performance 2015/16:						
Cost to Municipality of Free Basic Services Delivered						
Category	2013/2014	2014/2015	2015/2016			
	Actual	Actual	Budget	Adjusted Budget	Actual	Variance %
	R'000					
Rates	1 952	2125	2 425	2 425	2073	-17.0%
Electricity	3 115	3217	2 805	2 805	3611	22.3%
Water	7 152	6867	6 243	6 243	2590	-141.0%
Sanitation	8 412	9517	12929	12929	10585	-22.1%
Solid Waste	7 292	7727	9 735	9 735	8369	-16.3%
Alternate Energy		1619	2 620	2 620	648	-304.3%

	-					
Other	4 692	4948	9832	9832	4773	-106.0%
TOTAL	32 616	36 020	46589	46589	32649	-42.7%

FINANCIAL SERVICES – DEBT RECOVERY

Debt Recovery (R'000)							
Details of the type of account raised and recovered	2015/2016		2014/2015			2013/2014	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Estimated outturn for accounts billed in the year	Estimated proportion of accounts billed that were collected %
Property Rates	77 132	96.0%		68 994	62.9%	58 549	67.6%
Electricity – B	41 239	121.5%		37 389	94.1%	37 896	89.7%
Electricity – C	-			N/A	N/A	N/A	N/A
Water – B	30 314	75.5%		25 573	63.8%	27 513	50.6%
Water – C	-	-		N/A	N/A	N/A	N/A
Sanitation	2 168	83.0%		2 099	78.1%	1 470	80.0%
Refuse	20 577	51.6%		19 121	33.7%	17 441	33.2%
Other	31 234	36.7%		33 396	133.7%	24 427	182.2%
B – Basic; C- Consumption.							

DEBTORS AGE ANALYSIS AS AT 30 JUNE 2016

NDLAMBE TOTAL YEAR TO DATE DEBTORS - AGE ANALYSIS AS AT JUNE 2016									
		May-16	HAND OVERS	PENALTY INTEREST	+ 90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL
Rates (Yearly)		1 947 007	528 826	181 924	1 161 724	24	21 644	-83 585	1 810 558
Rates (Monthly)		30 189 746	1 055 909	2 861 925	17 094 053	1 167 441	2 222 304	4 762 301	29 163 934
Service Charge		8 809 855	1 613 643	1 716 329	3 925 436	53 417	79 659	22 210	7 410 694
Water		27 021 948	2 192 423	2 249 790	12 167 802	549 540	1 472 843	760 288	19 392 686
Sewage		11 458 247	1 177 822	997 891	5 527 725	429 790	372 741	210 580	8 716 549
Sanitation		1 314 481	130 333	140 095	871 329	40 651	51 369	-45 244	1 188 534
Refuse		12 244 456	1 262 477	1 263 693	6 152 710	256 028	463 987	487 005	9 885 900
Electricity		12 092 647	1 458 522	468 452	4 352 947	518 991	1 188 033	3 680 056	11 667 002
Housing		310 172	150 923	68 093	155 670	1 907	2 697	-77 282	302 009
Legal Fees		452 748	-120 750	2 315	1 065 603	3 650	4 749	-751 295	204 272
Indigent Charge		28 877	7 484	12 594	17 534	-	-	-33 170	4 443
Sundry		970 792	414 007	443 449	1 330 002	37 745	60 209	-1 714 045	571 366
Enviromental Levy		3 324 676	55 893	387 748	2 176 752	81 604	136 529	-165 404	2 673 123
Undefined Category		-9 680	-4 519	-	-400	-	-	-4 761	-9 680
TOTAL : June 2016			9 922 996	10 794 298	55 998 888	3 140 789	6 076 765	7 047 655	92 981 390
TOTAL : May 2016		110 155 972	10 424 985	12 621 072	69 755 390	3 657 295	6 438 047	7 259 183	
NON-INDIGENT DEBT: JUNE 2016			9 926 418	10 745 386	55 602 677	3 119 967	5 584 472	8 011 358	92 990 278
INDIGENT DEBT: JUNE 2016			-3 423	48 912	396 210	20 822	492 293	-963 703	-8 889
ARREARS PER ADMIN UNIT:									
Ward 1 Kwanonkqubela		4 556 529	760 436	376 729	2 074 111	58 663	152 600	-107 749	3 314 791
Ward 2 Boknes / C/Rocks / Alex		24 566 754	2 350 834	2 159 539	13 132 880	675 353	1 166 344	547 767	20 032 718
Ward 3 Boesmansriviermond		9 040 409	301 651	991 949	4 750 740	450 226	533 512	1 540	7 029 618
Ward 4 Kenton on Sea		12 339 596	138 192	1 170 230	6 335 991	335 230	684 644	955 551	9 619 837
Ward 5 Bathurst		8 379 192	1 253 165	954 053	4 019 568	149 677	221 805	-145 475	6 452 794
Ward 6 S/field/Thornhill/Station Hill		13 223 397	506 001	1 414 547	9 154 700	392 773	642 096	88 524	12 198 640
Ward 7 Nemato		3 489 258	268 761	528 314	1 744 935	34 992	87 054	-17 806	2 646 250
Ward 8 Mimosa / Nemato		6 155 301	700 639	966 979	3 049 052	49 709	101 547	35 606	4 903 531
Ward 9 Nemato		6 948 879	976 880	1 057 046	3 141 475	62 726	140 005	-21 115	5 357 017
Ward 10 Port Alfred		21 456 657	2 666 436	1 174 912	8 595 437	931 440	2 347 157	5 710 812	21 426 194
TOTAL OUTSTANDING		110 155 972	9 922 996	10 794 298	55 998 888	3 140 789	6 076 765	7 047 655	92 981 390

DEBTS WRITTEN OFF 2015/2016

2015/16		
Categories	Amount	%
RATES (MONTHLY)	1 108 412	6.32%
SERVICE CHARGE	1 434 292	8.17%
WATER	7 902 556	45.04%
SEWERAGE	2 682 838	15.29%
SANITATION	34 922	0.20%
REFUSE	2 438 152	13.90%
ELECTRICITY	814 638	4.64%
HOUSING	14 961	0.09%
LEGAL FEES	99 329	0.57%
INDIGENT CHARGE	23 770	0.14%
SUNDRIES	293 951	1.68%
ENVIRONMENTAL LEVY	697 477	3.98%
Total	17545298	100%

Finance Directorate Strategic Objectives for 2015/2016 per the Integrated Development Plan and SDBIP

BASIC SERVICE DELIVERY			
Objective	Indicator	Annual Target	Comments
Ensure that water is supplied as per DWA Standards	% increase of indigent households having access to free basic potable water	94%	This objective has been achieved and the monthly reports and indigent drives are evidence
Ensure that water is supplied as per DWA Standards	% increase of indigent household with access to free basic sanitation services	100%	All approved applicants are granted free basic sanitation benefit on approval of the application.
Ensure that water is supplied as per DWA Standards	% increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on-line	100% of formal urban households to have access to electricity	This target has been achieved, all indigent within Ndlambe licenced distribution area are granted Free Basic electricity in our prepaid system
Ensure that water is supplied as per DWA Standards	% increase of indigent households with access to free alternative energy	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	Exceeded the target set
MUNICIPAL & INSTITUTIONAL DEVELOPMENT & TRANSFORMATION(KPA2)			
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Fiscal discipline maintained and monitored	12 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS	This target was met and all reports submitted
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Performance Information reports analysed and signed off	4 Quarterly Performance Reports S72 Mid-year Performance Report Annual Report	This target was met and all reports submitted
Ensure efficient and cost-effective management of the resources and the performance of the	Quarterly reports on implementation of Financial Delegations of Authority analysed and signed off	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	This target has not been met. The finance signed delegations are in place from 1 July 2015 but the 4 quarterly reports have not been completed.

Municipality			
Promote integrated development planning in the Municipality	Adopted Budget process and time schedule approved according to applicable prescripts	Adopted Budget process and time schedule	This target was met and approved by Council in August 2015
LOCAL ECONOMIC DEVELOPMENT			
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT			
Ensure financial viability of the municipality	Improved revenue mechanisms to be implemented according to Municipal systems Act and the Municipal Finance Management Act.	100%	This target has been achieved for the financial year, Supplementary valuation roll was compiled and implemented, metering device audits had been done we are about to implement the results of Port Alfred water meter audits. Consumers are being migrated to prepaid electricity devices.
	Supplementary valuation rolls, as prescribed by the Municipal Property Rates Act No 6 of 2004, on all improvements to properties, subdivisions and consolidations done in the financial year.	100%	This target has been met and the supplementary valuation was implemented before year end
	Measures put in place to obtain a credit rating by independent rating agency	None	This target was not met as there was not sufficient funding available to undertake the credit rating
	% increase in revenue collection rate	78%	This target was achieved, as at 30 June 2016, a total 79.1% of the amount was collected.
	% expenditure spent on approved budget	80%	Did not achieve the results due to cash flows
	Compliance with budget preparation and budget related policies finalisation in accordance with the MFMA	100%	This target has been met and the tabled budget was considered by Council before end March 2016, budget was considered by Council before end May 2016 and budget was approved by Council before the start of the new financial year
	Number of in year budget performance reports as required by MFMA submitted on time	100%	This target has not been met as despite all reports been done and submitted not all were done on time.
	Compliant budget adjustment approved by council in terms of all legislated requirements by 28th February 2016	100%	This target was not met as although the main adjustment budget was approved by Council by end February 2016 other adjustment budgets were done after that period
	Positive cash flow management according to MFMA & its regulations maintained	100%	This target was not met as although we maintained a positive cash flow we had to hold back payments of certain creditors
	% improvement in the implementation of Indigent Policy	100%	This target has been met to a certain degree, Improvement of implementation is a continuous, consequently we have appointed service providers who will do use electronic indigent application

			devices.
Ensure that the implementation of Supply Chain Management according to the SCM policy	Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA	100%	This target has not been met as not all required reporting was done
	Standard operating procedures operationalised in accordance with SCM policy and legislation.	100%	This target has not been met as the function remains decentralised and not all documentation goes through the unit
	Steps taken to mainstream the implementation of SCM according to the policy and good practise	100%	This target has not been met as the function remains decentralised
	Procurement Plans monitored in line with the SCM policy	100%	This target has not been met as supply chain has not had any response to the request to provide the plans
	% reduction of irregular expenditure related to procurement documentation in line with legislation and SCM policy	100%	This target has not been met and is evident by the irregular expenditure register.
Ensure improved sound financial management	Annual financial statements that are 100% compliant to GRAP standards as per gazette issued by National Treasury	100%	Yes in our opinion this target has been met and the statements are 100% GRAP compliant
	Measures in place to monitor and control fruitless and wasteful expenditure	1	This target has been met and the register is maintained by the creditors section
	Increase in the number of finance employees that are competent (SETA certification) on minimum competency levels as regulated	4	This target has not been met. Two have completed and three are in the process of completing and one is still to commence
Maintain and manage all municipal assets	% increased budget provision for asset repairs and maintenance	1%	Target was met
	Asset Management System with Fixed Asset Register in place as prescribed by GRAP and the MFMA	100%	This target has been met with the assistance of Price Waterhouse Coopers. See the BAUD Asset Register
	% reduction of Stock losses	5%	Target was met
GOOD GOVERNANCE & PUBLIC PARTICIPATION			
Promote good corporate governance	A Framework for Financial Delegations of Authority in place as prescribed by the MFMA	Finance delegations registers signed as accepted and approved	This target was met and all signed delegations in place

Finance Directorate Budget 2015/2016

Category	Budget- Final Adjusted	Actual	Variance	% Variance
Assessment Rates				
Income	-171 766 000	-69 490 000	-102 276 000	60%
Administration				
Salaries	1 440 000	1 779 000	-339 000	-24%
General Expenditure	717 000	354 000	363 000	51%
Repairs and Maintenance	12 000	7 000	5 000	42%
Income	-831 000	-847 000	16 000	-0.19%
Supply Chain				
Salaries	1 302 000	1 204 000	98 000	6%
General Expenditure	339 000	163 000	176 000	52%
Repairs and Maintenance	6 000	6 000	0	0
Income	0	0	0	
Revenue				
Salaries	6 751 000	6 453 000	298 000	4%
General Expenditure	4 606 000	2 017 000	2 589 000	56%
Repairs and Maintenance	30 000	22 000	8 000	27%
Income	-934 000	-468 000	-466 000	50%
Expenditure				
Salaries	1 726 000	1 717 000	9 000	0.52%
General Expenditure	460 000	365 000	95 000	21%
Repairs and Maintenance	3 000	12 000	-9 000	-300%
Income	0	0	0	0
BTO Office				
Salaries	1 670 000	1 189 000	481 000	29%
General Expenditure	463 000	293 000	170 000	37%
Repairs and Maintenance	58 000	26 000	32 000	55%
Income	-39 000	0	-39 000	100%
Stores				
Salaries	372 000	344 000	28 000	8%
General Expenditure	194 000	67 000	127 000	65%
Repairs and Maintenance	36 000	2 000	34 000	94%
Income	0	0	0	0
Valuations				
General Expenditure	278 000	448 000	-170 000	-61%
Income	0	0		

Financial Performance 2015/2016: Financial Service - Stores					
Details	2014/2015	2015/2016			
	Actual R'000.	Original Budget R'000	Adjustment Budget 'R000	Actual R'000	Variance to budget
Total Operational Revenue	0	0	0		
Expenditure:					
Employees	306 000	372 000	372 000	344 000	28 000
General	92 000	170 000	194 000	67 000	127 000
Repairs and Maintenance	47 000	36 000	36 000	2 000	34 000

Employees: Supply Chain Management Unit					
Job Level	2014/2015	2015/2016			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Ungraded Posts	5	5	5	3	60%

Financial Performance 2015/2016: Supply Chain Management Unit (R'000)					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	1 061 000	1 302 000	1 302 000	1 204 000	98 000
General	177 000	339 000	339 000	163 000	176 000
Repairs and Maintenance	0	6 000	6 000	6 000	0

Finance Directorate - Staff Component – 2015/2016

The staff component does not fall into an ideal structure and this needs to be addressed when the budget and cash flow allows. It is also critical that the budgeted posts in finance must be filled at all time or debt collection and segregation of duty becomes a problem and in turn increases the risk factor.

MFMA Competencies – Finance Directorate

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

Employees and interns were identified in the finance directorate to obtain the abovementioned qualification and prescribed competencies.

All of the finance directorate staff apart from the Assistant Director: Expenditure has complied with the requirements of the Government Notice 493 of June 2007.

Financial Sustainability Of The Municipality

Financial Overview: 2015/2016 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:			
Grants	112 569 000	115 569 000	116 547 000
Taxes, levies and tariffs	251 952 000	251 952 000	195 156 000

Total Capital Expenditure: 2015/2016 to 2013/2014 ('000)			
Detail	2015/2016	2014/2015	2013/2014
Original Budget	36 737 000	64 571 000	57 823 000
Adjustment Budget	37 648 000	0	0
Actual	30 654 000	62 682 000	55 957 000

Details	2015/2016			
	Actual R'000	Adjustment Budget R'000	Actual R'000	Variance to budget
Employees	105 154 000	104 540 000	133 004 000	-28 464 000
General	217 426 000	220 831 000	178 271 000	42 560 000
Repairs and Maintenance	18 889 000	17 049 000	13 037 000	4 012 000

Financial Overview: 2015/2016 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:			
Grants	112 569 000	115 569 000	116 547 000
Taxes, levies and tariffs	228 130 000	228 130 000	179 910 000
Other	23 822 000	23 822 000	11 580 000
Sub – Total	364 521 000	364 521 000	308 037 000
Less: Expenditure	327 783 000	327 783 000	324 312 000
Net Total*			
*Note: surplus/(defecit)	36 738 000	36 738 000	-16 275 000

GRANTS

Grant performance (R'000)						
Description	2014/2015	2015/2016			2015/2016	
	Actual	Budget	Adjustment budget	Actual	Original Budget (%)	Adjustment budget (%)
<u>Operating Transfers and Grants</u>						
National Government						
Equitable share	57 263 000	69 490 000	69 490 000	69 490 000	60%	60%
Municipal Systems Improvement	934 000	930 000	930 000	930 000	1%	1%
Department of Water Affairs (ACIP)	7 778 646	3 900 000	3 900 000	4 247 000	3%	3%
Electricity (DME)	1 038 000	0	0	0	0%	0%
Finance Management	1 800 000	1 800 000	1 800 000	1 800 000	2%	2%
EPWP	998 792	1 000 000	1 000 000	1 000 000	1%	1%
Cllrs Allowance Contr.	3 477 000	3 612 000	3 612 000	3 612 000	3%	3%
Municipal Infrastructure	25 175 688	26 487 000	26 487 000	26 487 000	23%	23%
Provincial Government					0%	0%
Health subsidy	1 424 000	1 495 000	1 495 000	1 376 000	1%	1%
Housing	0	0	0	0	0%	0%
Ambulance subsidy	0	0	0	0	0%	0%
Sports and Recreation	0	5 688 000	5 688 000	2 252 000	5%	5%
Other transfers / grants (Disaster)	0	0	0	0	0%	0%
District Municipality:					0%	0%
Health	0	0	0	0	0%	0%
Fire Officers	604 887	0	0	0	0%	0%
LED	1 011 500	1 665 000	1 665 000	423 464	1%	1%
Other grant providers:					0%	0%
(IDP)	0	18 000	18 000	15 000	0%	0%
EC Sport: Library	1 249 700					

CONDITIONAL GRANTS RECEIVED BY THE FINANCE DIRECTORATE:

Conditional Grants: R'000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Finance Management Grant	1 800 000	1 800 000	1 800 000	0	0
Municipal Systems Improvement Grant	930 000	930 000	930 000	0	0
Total	2 730 000	2 730 000	2 730 000	0	0

Grants Received from Sources Other than Division of Revenue Act (DORA)						
Details of Donor	Actual Grant 2014/2015	Actual Grant 2015/2016	2014/2015 municipal contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the Grant received, including description of any contributions in kind
Parastatals						
No grants received by Ndlambe Municipality from any Parastatals						
Foreign Governments / Development Aid Agencies						
No grants received by Ndlambe Municipality from any foreign government departments or Development Aid Agencies						
Private Sector / Organisations						
No grants received by Ndlambe Municipality from any Private Sector Organisations						

BORROWING AND INVESTMENTS

Actual Borrowings: 2013/2014 to 2015/2016			
Instrument	2013/2014	2014/2015	2015/2016
Municipality			
Long – Term loans (annuity/reducing balance)	0	0	0
Long – Term Loans (non – annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted by Cap Equipment Supplier	0	0	0
Marketable bonds	0	0	0
Non – marketable bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other securities	0	0	0
Municipality Total	0	0	0

The Ndlambe Municipality did not borrow any funds over the last three financial years and to-date only has the DBSA loans outstanding.

CHAPTER 2

INTRODUCTION TO GOVERNANCE (KPA 5)

Ndlambe Municipality strive to govern by the democratic values and principles enshrined in the Constitution, including the following principles:

- A high standard of professional ethics must be promoted and maintained
- Efficient, economic and effective use of resources must be promoted
- Public Administration must be development – orientated
- Services must be provided impartially, fairly, equitably and without bias
- People's needs must be responded to, and the public must be encouraged to participate in policy – making
- Public administration must be accountable;
- Transparency must be fostered by providing the public with timely, accessible and accurate information;
- Good human-resource management and career-development practices, to maximise human potential, must be cultivated;
- Public Administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 Political Governance

2.1.1 Council

The Council has 20 seats (10 Proportional Representative (PR) Councillors and 10 Ward Councillors). The Speaker is the Chairperson of Council. The party-political and demographic representation of Councillors is reflected in the table below:

Political Party	Number of Councillors	Gender of Distribution	
		Male	Female
African National Congress (ANC)	13	8	5
Democratic Alliance (DA)	6	1	5
Independent candidate	1	1	0
TOTAL	20	11	9

2.1.2 Municipal Public Accounts Committee (MPAC)

The Municipality has a functional Public Accounts Committee in place, which fulfils an oversight role in respect of the institution's Executive and administration. The MPAC consists of members from two political parties represented in Council i.e. ANC and DA.

The Committee is made up as follows:

- African National Congress – 3 members
- Democratic Alliance – 2 members

Other key Council governance structures

Audit Committee: The Municipality has a functional Audit Committee. The Audit Committee is made up of three members and meets at least quarterly to advise Council on internal control, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance and compliance with the relevant statutes. The Municipality has an approved Audit Committee Charter, which provides the responsibility and authority to the Audit Committee members to audit the risk management, controls and governance processes, which include the IDP framework, internal controls, financial management controls, procurement and performance management. The Audit Committee Charter outlines the objectives of the Audit Committee; broad powers of the Audit Committee; authority of the Audit Committee; duties and responsibilities of the Audit Committee; structure and composition of the Audit Committee; remuneration; term of members and requisite skills; and the functioning of the Audit Committee.

2.1.3 Administration

Municipal Manager is the head of the administration and Accounting Officer supported by four Directors. Political leadership and the administration complement each other to achieve the objectives of the IDP.

2.2 PUBLIC ACCOUNTABILITY AND PARTICIPATION

A Public participation strategy was formulated and adopted by Council in 2016. Policy to give effect to the Public Participation and accountability seeks to:

- Provide guidance to the municipality as to when and how to involve the public in planning and decision-making processes in Ndlambe Municipality
- Identify activities and projects that require public participation
- In cases where public participation optional, the policy will encourage the municipality to create public participation opportunities wherever appropriate.

Also, a Public Participation Manager has been appointed to give effect to public participation.

2.3 INTERGOVERNMENTAL RELATIONS

In line with Intergovernmental Relations Framework Act, the Ndlambe municipality, for the financial year under review, the municipality participated in a number of Munimecs, District Representatives Forums and the Integrated Development Plan (IDP) representative forums which consist of sector departments. Furthermore, Communications Forum under the auspices of the Communications Office was established.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipal Systems Act and Municipal Finance Management Act typically refer to providing stakeholders to participate in dialogues, to receive the required information and are provided with an opportunity for commenting. Furthermore, it is proposed that the municipality should consider policy that dictates compulsory public participation in, amongst others, the following processes:

- Major Policy Decisions;
- Project Planning;
- Strategic Programs and municipal strategies.

The municipality also uses a range of public participation methods which, amongst others, in no order of preference include the following:

- Meetings, workshops, forums;
- Different forms of group interaction;

- Focus Use of existing networks, organizations and/or institutions;
- Dissemination of information including the development and production of material and/or visuals;
- Fielding of information at public points e.g. libraries, schools etc.
- Audio visual materials;
- Interviews/recording and documentation using accessible language;
- Identification and consultation with diverse Interest groups and stakeholders;
- Tools to utilize may include an inventory of stakeholders/an assessment of the community landscape/targeted approach for hard-to-reach stakeholders (non-traditional audiences);
- Advocacy methods or groups;
- Use of Community Development Workers (CDW's);
- For raising public awareness and public education;
- For agenda setting and policy development processes;
- Performing operational functions;
- Capacity building of local community;
- Mediation between government and community;
- Seminars or awareness talks on a matter/s of public interest.

Mayoral imbizo's were conducted during the year under review throughout the wards to interact with communities at large to enhance public participation.

Ward Committees

All 10 ward committees were established and are fully functional. The table below reflect ward committee meetings held during the year under review.

2.5 IDP PARTICIPATION AND ALIGNMENT

Ndlambe Municipality established systems for the formulation of its five year IDP (2012-2017) in order to reinforce alignment with government departments and ensure public participation.

Ndlambe Municipal Council

Ndlambe Municipal Council should adopt the draft Integrated Development Plan which is to be used as a basis for consultation. After completion of the consultation process, the final IDP was adopted together with the Budget on 23 June.

IDP Steering Committee

This Committee consists of the Mayor and the Executive Committee, the Municipal Manager and the Head of Departments.

The following are inter alia; the functions of the IDP Steering Committee:

- Engage in strategic discussions regarding the plans for the respective functional areas;
- Evaluate progress made in the implementation of the process plan and initiate corrective action where necessary;
- Evaluate the impact of the Integrated Development Plans;
- Review and refine the vision for Ndlambe Municipality. Ensure that the vision is incorporated into the IDP;
- Refine and review IDP objectives, strategies and projects for consideration by Ndlambe IDP Representative Forum and the incorporation thereof into the IDP.

IDP and Budget Representative Forum

The IDP and Budget Representative Forum is the structure established for the purpose of review and implementation of the IDP and ensures maximum participation of different interest groups and sectors. The Forum provides for communication to ensure that the community at 'grass roots' gets an opportunity to determine its destiny.

The IDP Representative Forum shall, inter alia:

- Ensure that every activity and decision taken in its meetings are properly communicated to the forum members' respective constituencies;
- Monitor the implementation of the IDP;
- Reflect and safeguard community inputs by acting as 'messengers' of the communities;
- Represent the interests of their communities;
- Provide an organisational mechanism for discussion, negotiation and decision-making between stakeholders, including the municipality;
- Participate in the process of setting and monitoring key performance indicators.

2.6 RISK MANAGEMENT

A Risk Management Plan was developed in the 2015/2016 financial year. A risk register was compiled and approved by the Audit Committee and subsequently the minutes of the Audit Committee are noted by Council annually. Embedding risk management within the municipal business processes was central to the annual risk management program. To drive this program, a risk forum made up of risk coordinators stationed at various directorates was established. Annual risk assessment workshops are held on each and every financial period with various risk coordination. The Audit Committee monitored implementation of the risk responses to the top risks at its meetings.

2.7 ANTI-CORRUPTION AND FRAUD

Fraud Prevention Plan

Ndlambe Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion. Consequently Ndlambe Municipality is committed in fighting fraudulent behaviour at all levels within the municipality.

The policy of Ndlambe Municipality is zero tolerance to fraud and corruption. In addition, all fraud and corruption are investigated and followed up by application of all remedies available within the full extent of the law and the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Ndlambe Municipality.

It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate manager. Should an employee be concerned that the manager is involved; the report can be made to any other member of management, the Municipal Manager and / or the Chairperson of the Audit Committee.

All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Municipal Manager. The Municipal Manager will initiate an investigation into the matter. Should any employee wish to report allegations of fraud and corruption anonymously, they are at liberty to contact any member of management, the Municipal Manager, the Chairperson of the Audit Committee, Mayor and/or the National Hotline on 0800 701 701.

2.8 SUPPLY CHAIN MANAGEMENT

Substantial progress made on proactively dealing with the reduction of irregular expenditure by inspecting the necessary SCM regulated documents, e.g. Tax clearances etc. The Supply Chain Management Unit officials do

participate in the municipal procurement committees. The unit assist the procurement committees on SCM policy related matters, such as the 80/20 – 90/10 points allocation system.

The SCM policy is reviewed annually with other Budget related policies and amendments drafted and approved in keeping with the New Preferential Procurement Regulations. These regulations are meant to assist the Small Micro Medium Enterprise and projects to roll-out B-BBEE throughout the Municipality has commenced.

Even though most of the SCM Policy processes are decentralised, orders are issued by this unit. Where necessary documents required by the policy are checked before payments are authorised.

2.9 BY-LAWS

No new by-laws were introduced and/or revised in the 2015/2016 financial year.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 WATER AND SANITATION

The Regulator for all Water and Sanitation Services is the Department of Water Affairs. Compliance monitoring and process control management oversight is done by this department.

Ndlambe Municipality is located within the Cacadu District Municipality and is home to some 80 000 people. The Ndlambe Municipality (NM) is the legislated Water Services Authority for the area.

Ndlambe Municipality was appointed to act as both the Water Services Authority and Water Services Provider and fulfills both of these functions. However, the institutional arrangements profile consists of the following bulk & retail functions listed below.

Currently all the WSP functions and duties are conducted by either Water Services Providers, Water Services Support Service Agent or the Municipality itself and are as follows :

- Water Services Authority: Ndlambe Municipality, with Community Protection Services doing all water quality control monitoring operations.
- Water Services Provider: Ndlambe Municipality, with Infrastructural Development doing all water provision, with the exception of the following operations :
 - Alexandria Water Supply: P&S Consulting Engineers appointed to provide bulk water within a Water Services Support agreement
 - Kenton/Bushmans Water Supply: Amatola Water Board appointed to provide bulk water within a Water Services Provider agreement
 - Cannon Rocks/Boknes Water Supply: Gigima Engineering appointed to operate, maintain and manage the Reverse Osmosis Plant

All other Water Supply Systems are managed and operated by Ndlambe Municipality's Infrastructural Development Directorate, as the Water Services Provider. These include the following Water Supply Systems :

- Port Alfred Water Supply System
- Kleinemonde Water Supply System
- Bathurst Water Supply System

Ndlambe Municipality operates and maintains all water supply systems within both Water Services Authority and Water Services Provider functions, with the exception of the Amatola Water Board (previously Albany Coast Water Board) supply footprint, where bulk water is supplied by the Amatola Water Board.

There are six (6) local water supply schemes which service the main settlements within the area. Port Alfred, Seafeld and Bathurst are all fed mainly from surface water schemes whilst Boesmansriviermond, Kenton on Sea, Alexandria, Boknestrand and Cannon Rocks are supplied from ground water schemes.

Boesmansriviermond and Kenton on Sea augment their groundwater supplies with desalinated water through the Reverse Osmosis plant situated at Boesmansriviermond. The towns of Cannon Rocks and Boknes receive Reverse Osmosis processed water from saline borehole sources.

Potable, treated water is piped to all formal urban communities within Ndlambe, and is available to the vast majority of households. However, some of the Bathurst and Trappes Valley communities still rely on rainwater and private boreholes.

The latter are considered for municipal supply within the IDP. Where informal settlements occur, such as on the Brakfontein Farm commonage on the periphery of Alexandria, tankers transport water to strategically placed tanks, which are accessible to those that need. Ndlambe Municipality operates and maintains all sewerage systems within both Water Services Authority and Water Services Provider functions. Water-borne sewerage is available to the majority of households.

The Ndlambe Municipality Council has determined that water-borne sewerage be the minimum level of service to the consumer base. This decision, although well intended, places tremendous strain on the available water resources. Leaking toilets have been identified as a leading reason for water loss. Astute management practice is being instilled within the unit responsible for operation and maintenance of these systems.

There are five (5) waste water treatment works being fed from water-borne sewerage systems which service the following communities:

1. Wentzel Park, Alexandria and KwaNonkqubela
2. Marselle and Harmony Park
3. Ekuphumleni
4. Port Alfred and Nemato
5. Nolutkhanyo

The provision of sewerage services excluding reticulation infrastructure includes a large proportion of the households in Ndlambe. Water-borne sanitation services are not available to several communities, who rely on conservancy tanks and septic tank sewerage systems. Ndlambe provides the service for the removal of sewerage using a fleet of sanitation vacuum tankers. These vehicles and their operational staff are under continuous pressure to deliver services. Breakdowns, due to an aged fleet, create backlogs and a dissatisfied consumer base.

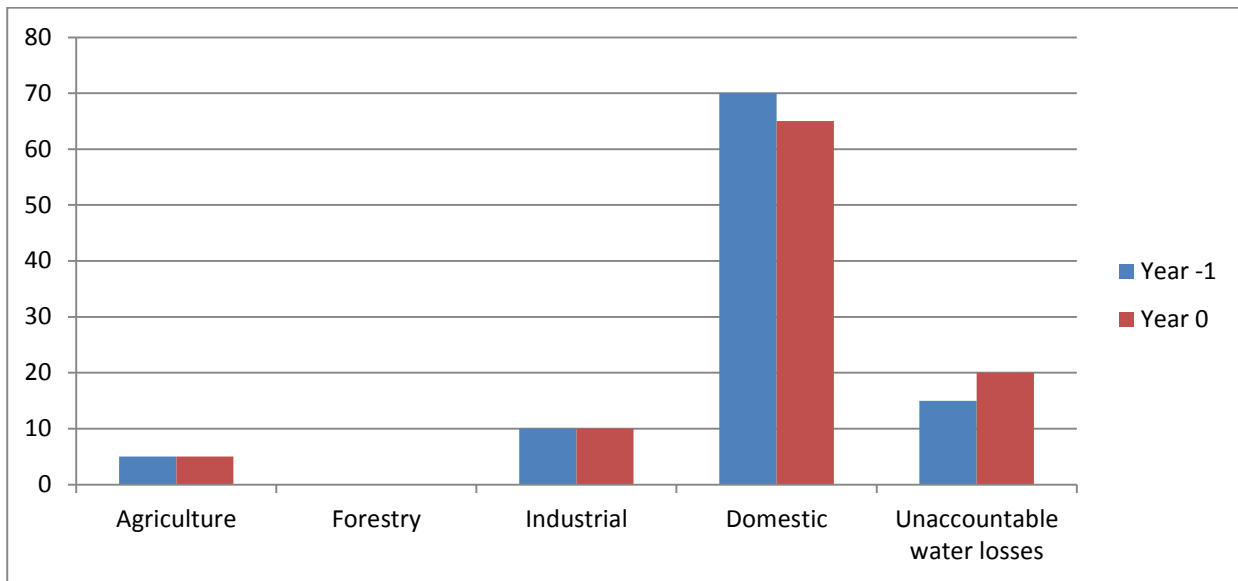
The following communities still rely either solely on septic tank / soakaway systems or conservancy tanks or to some lesser degree:

1. Cannon Rocks
2. Boknes
3. Boesmansriviermond
4. Riversbend
5. Kenton-On-Sea
6. Seafeld
7. Bathurst
8. Port Alfred and Nelson Mandela Township

These households are serviced by a fleet of sanitation tankers, several of which are well beyond their expected operating lifespan. Financial constraints dictate that Ndlambe must make do with this fleet.

All municipal toilet facilities, change rooms and other ablution facilities not connected to water-borne sewerage pipes are serviced by this fleet. Blockages are also attended to, often resulting from the inappropriate utilisation of the service. It is the objective of Council to achieve and sustain "Green Drop" status throughout all of Ndlambe. This is a compliance monitoring system which is managed and implemented by the Department of Water Affairs. This quality and service goal is being achieved by improving management performance, which should lead to acceptable discharge water quality.

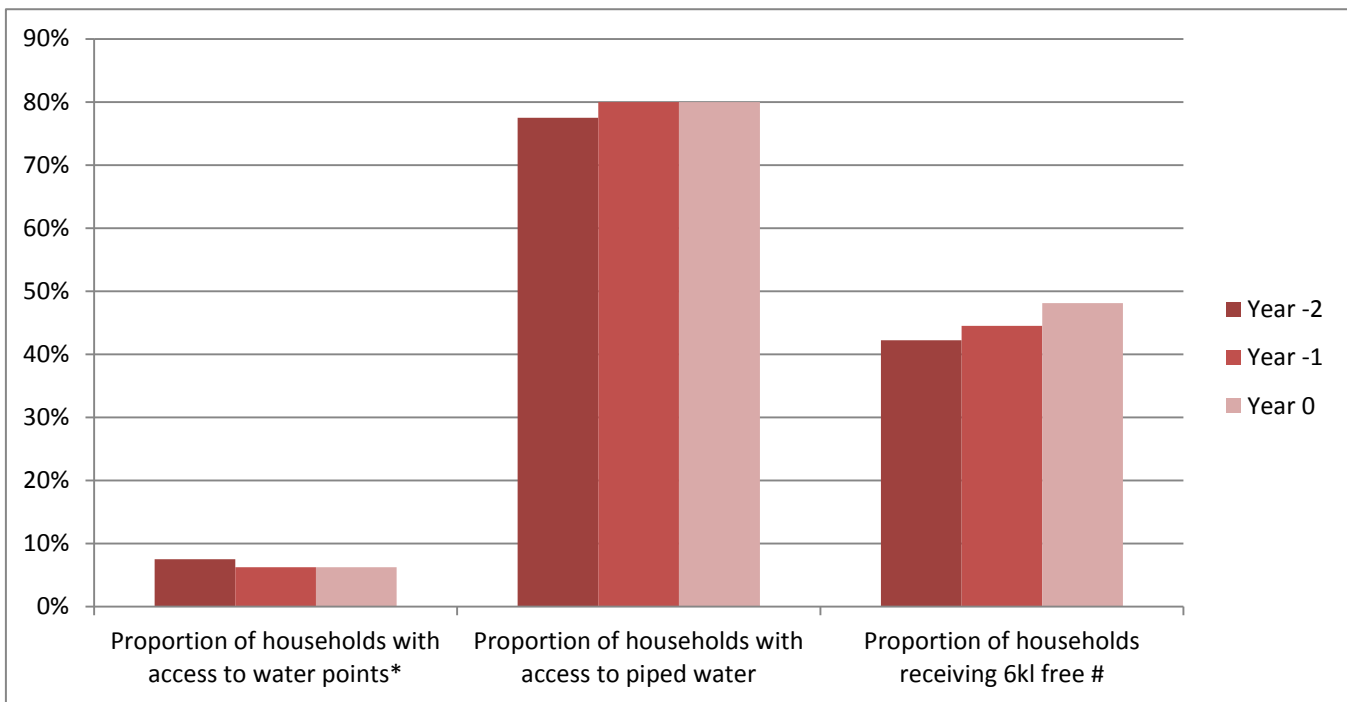
Total Estimated Proportional Use of Municipal Supplied Water by Sector					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	5	0	10	70	15
Year 0	5	0	10	65	20



Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	546	655	846	6977
Piped water outside yard (but not in dwelling)	865	456	486	9649
Using public tap (within 200m from dwelling)	486	465	546	1866
Other water supply (within 200m)				
Minimum Service Level and above sub – total	1898	1576	1879	18492
Minimum Service Level and above percentage	80%	80%	76%	90%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				560
Other water supply (more than 200m from dwelling)	486	486	486	757
No water supply				
Below Minimum Service Level sub-total	486	486	486	1317
Below Minimum Service Level Percentage	20%	20%	24%	26%
Total number of households*	2,476	2,384	2,062	1.876
*_ To include informal settlements				

Indigent Households – Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	7696	8448	8905			9618
Households below minimum service level	0	0	0			0
Proportion of households below minimum service level	0	0	0			0
Informal Settlements						
Estimated Total Households	1500	1000	1000			1000
Households below minimum service level	500	250	250			250
Proportion of households below minimum service level	33%	25%	25%			25%

Access to water



Employees: Water Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	27	27	25	2	83%
4-6	21	21	21		
7-9	7	7	7		
10-12	4	4	4		
13-15	2	2	2		
16-18					
19-20					
Total	61	61	60	1	2%

COMMENT ON WATER AND SANITATION SERVICES PERFORMANCE OVERALL:

Performance of water services and the provision thereof has seen improvements on many fronts when one considers the IDP objectives and goals. Achieving targets are fund-related. Grants received are limited. Internal capital funds have not been available. The need exceeds the available funds, so the challenge has been to make as big a change as possible within the available resource base.

The Municipality is committed to improving water service provision in its region despite the recent water service challenges, which include the following challenges and remedial action:

- Insufficient supply quantity to meet the growing demand
 - Remedial actions include various Water Conservation projects. Water conservation and demand management practices are continually being assessed and improved, as funds become available.
- Aged infrastructure operating within extreme environmental conditions
 - Remedial actions include that the entire infrastructural “as-built” within this sector is being assessed within a master plan.
- Poor quality of low cost house plumbing leads to leaks and subsequent loss.
 - Remedial actions include loss control and the addressing of leaks in indigent households. This has been done on a wide scale throughout Ndlambe.
 - Future low-cost house design will focus on the quality of all water and sanitation fittings included in the house construction.
- Source quality, where the main phenomena affecting the quality of the water in the region is the materialization (or salination) of the water in the main catchments due to the geology (marine origin) of the area.
 - Remedial actions include the establishment and operation of Reverse Osmosis Technology, which, although expensive, is effective in addressing salinity issues and is now operational in Cannon Rocks, Boknes, Kenton-On-Sea and Boesmansriviermond.
- Massive peaks in demand, due to the transient nature of this consumer base.
 - Bulk storage reservoirs have been prioritised within the Water Services Plan. Funding channels have been provided and prioritised projects have begun implementation.

It is the intention of the municipality to achieve and sustain “Blue Drop Status” within water services provision. This is a compliance monitoring system managed and implemented by the Dept Water Affairs, as the regulator. Ndlambe Municipality has, as a result of the above, identified a need for the development of an Infrastructure Master Plan for water services (water and sanitation). Funding has been allocated to the NM by the Development Bank of South Africa (DBSA). The objective of the project is to develop a water service infrastructure master plan with associated as built drawings of the existing infrastructure.

3.2 ELECTRICITY

Electrical supply, at a basic Level of Service, is achieved and continues to improve. Housing projects do not get the go-ahead for implementation until such time as bulk services are installed, which includes electricity supply.

Escalating cost of supply is a worrying factor, as affordability and sustainability of supply is under pressure. The Ndlambe Municipal Electrical Network Audit Report was prepared and submitted, highlighting component requirements, backlogs and strategic planning for future supply provision parameters.

Ndlambe Municipality renders electrical services in the towns of Port Alfred and Alexandria. Eskom supplies electricity in bulk to both components. Port Alfred town has one 11-kilovolt-supply point and Alexandria has one 11-kilovolt-supply point. Eskom supplies electricity to the rural areas outside Ndlambe, also Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

Ndlambe Municipality buys electricity in bulk from Eskom and is responsible for the distribution thereof within its approved areas of supply, under license from the National Electricity Regulator. Electricity is taken from Eskom at two intake substations, i.e. Port Alfred and Alexandria, and redistributed to the end consumer through a series of cables, lines and substations.

The directorate is responsible, and employs a service provider, namely, Manelec Services (Pty) Ltd, for:

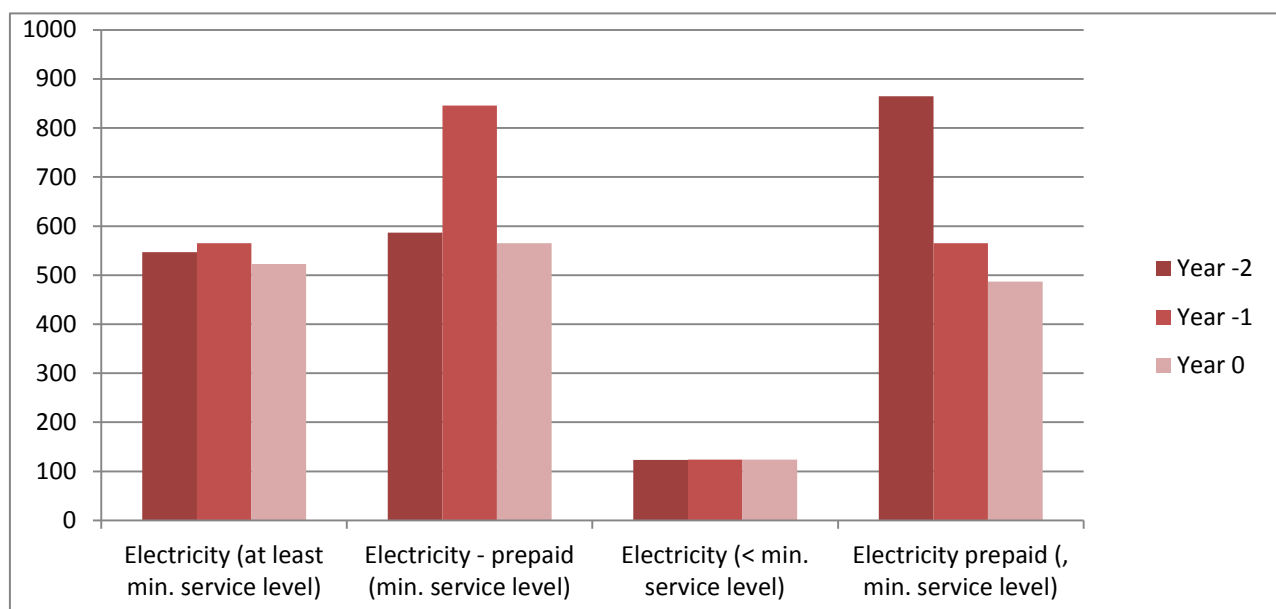
- The construction and maintenance of the distribution network as well as providing new infrastructure to ensure a reliable and affordable supply of electricity to all;
- The effective management of revenue by ensuring all electricity supplied is billed for and reducing losses in order to cover operating and capital expenses;
- The provision of a reliable and acceptable level of public lighting to improve the safety and living standards of residents, including street and public lighting for Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

The challenge experienced is a streetlight backlog in the areas that were formally under Eskom's management. The Municipality is dealing with this. Management of public lighting, including high mast lights, is normally shopped out to an annual tender service provider.

INTRODUCTION TO ELECTRICITY

The distribution and reticulation areas, excluding provision of electricity by Eskom, covers Port Alfred and Alexandria. Each consumer is considered a customer and has got access to electricity supply. The electrical supply to Port Alfred is of a high standard. The electrical supply to Alexandria, inclusive of Wentzel Park, needs upgrading. In Port Alfred there are still numerous medium voltage feeders which were laid many years ago. These have now become inadequate to carry the required increasing load. This requires upgrading. The problem is not purely an overload one, but it also prevents safe management practice.

Due to a lack of funds we have not been able to upgrade these cables, which are now practically redundant. Alexandria is also at the stage where all MV cabling needs upgrading. Although the expansion of the town is not excessive, this should be considered in the near future. Funding should be prioritized to cater for the increasing loads



Households – Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	N/A	N/A	N/A			N/A
Households below minimum service Level						
Proportion of households below minimum service level						
Informal Settlements Only in Escom Supply Area						
Total Households	To Be Established	To Be Established	To Be Established			To Be Established
Households ts below minimum service						
Proportion of households below minimum service level						

Employees: Electricity Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	2	2	2		
4-6					
7-9					
10-12	5	5	5	0	0
13-15	5	5	5	0	0
16-18					
19-20	1	1	1	0	0
Total	13	13	13	0	0

Financial Performance Year 0: Electricity Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	38 344 135	54 404 169	55 069 306	54 404 169	
Expenditure:	34 631 435	50 792 779		51 833 420	
Employees	378 570	471 720		118 028	
Repairs and Maintenance	3 334 130	1 672 520		729 349	
Other					
Total operational Expenditure	38 344 135	54 404 169		54 404 169	
Net Operational Expenditure					

Although there is an urgent need for capital expenditure there is presently no funds available to address this need.

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Ndlambe Municipality submitted an application to Eskom for a 2.4MVA increase in bulk supply to Port Alfred. This application has been approved by Eskom. Payment for this has been made by Ndlambe. We are now awaiting the energizing by Eskom.

Power supply characteristics in the areas supplied by Eskom are not ideal. Surges and spikes in power supply have a negative impact on equipment and machinery. Even though measures are taken to reduce the impact of the above, there is still regular damage to pumps and motors. This is due to being at the end of the Eskom supply line.

3.3 HOUSING

INTRODUCTION TO HOUSING

The Ndlambe Municipality's strategy for the provision of subsidised housing is to eliminate housing backlogs and to provide appropriate housing for those who cannot provide for themselves.

Intensive projects have been implemented in the past, although in Year 0 no new projects were initiated. These are dependent on the provision of basic services prior to top-structure and for which basic service projects are currently underway.

There are areas where subsidised housing backlogs are growing, due to several factors. Migratory trends have seen an influx of indigent people into the area. Disaggregation of families into more than one housing unit has also resulted in expanding backlogs.

The top 3 service delivery priorities for Council have been water, sanitation and road priorities. The impact of these projects has been that essential upgrades and improvements have taken place during Year 0 which will enable stalled subsidised housing projects to be revisited. These projects were stalled due to the lack of sufficient bulk services.

The Ndlambe Municipality identifies and responds to those communities that are living in poverty by providing land and certain essential services to decrease the deficiencies in basic service delivery.

There is a housing section within the Infrastructural Development Directorate, which has satellite offices in Alexandria, Kenton-on-Sea and Boesmansriviermond. The level and extent of service provision is as support to the Dept Human Settlement and to assist the indigent with the application process for a subsidised house.

Expanded housing requires expanded bulk services. The cost of renewing and upgrading core infrastructure to maintain the demand for housing is a continual challenge. This balance affects net demand in the municipality as project lists need to be prioritised for implementation. Ndlambe Municipality is responding well to the challenges created, by ensuring adequate bulk services are available and that indigent registers are maintained.

Expenditure on housing is done by the Department Human Settlement and is facilitated by Ndlambe Municipality.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3			
Year -2			
Year -1	21009	9009	43%
Year 0	21769	9009	41%

Employees: Housing Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3					
4-6					
7-9					
10-12	5	6	5	1	83%
13-15	1	1	1	0	0%
16-18	1	1	1	0	0%
19-20					
Total	7	8	7	1	15%

The funding for houses is directly from human settlement as stipulated in the constitution, Council only manages projects.

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure is a challenge, especially within the context of affordability.

Recent standards and norms in subsidised housing practice have tended towards Breaking New Ground Projects, such as has been implemented in Thornhill, Port Alfred.

This development could only go ahead once bulk services were installed and available. As a result, only 509 of 5000 houses were built in the first phase, awaiting bulk services for the balance of houses.

With the introduction of Amatola water the challenge of bulk will be temporary curbed as it was reported by Amatola water that 2900 housing units have been unlocked by the upgrades that took place in recent months. It was further reported that out of 2900 housing units that can be developed in Thorn hill only 600 units can be built at this stage due to bulk electricity shortage.

In Kenton on Sea the bulk is completed, we should have a contractor on site for internal reticulation very soon.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Ndlambe Municipality manages road alignments which are within the urban footprints of the Spatial Development Plan. Management includes operations, maintenance, upgrades and refurbishment. All other alignments are managed by other sector departments, including Department of Roads and SANRAL. These include both surfaced and gravel roads.

There is the Ndlambe Roads Forum, which meets on a regular basis and is well represented by stakeholder groups within the district.

The major alignment and road artery which runs through Ndlambe from east to west is the R72, the management of which falls under SANRA. This road is a vital link between the two development nodes of Coega outside Port Elizabeth and the IDZ on the outskirts of East London. The route contributes to the economy of the municipality and provides access to the heart of the Sunshine Coast, being Port Alfred and surrounds, thereby bringing tourists and visitors on an ever-increasing scale.

It is a well-known and measured fact that the road network servicing Ndlambe Municipality is in a poor state. A general shortage of maintenance staff, necessary to maintain in excess of 280km of surfaced and gravel roads, is a continual challenge. The table below indicates the extent of the road network in the various towns within Ndlambe.

In 2004 Ndlambe received a grant from the DBSA and commissioned Consulting Engineers, Stewart Scott Inc. to prepare a Roads Management Programme. The report, received in 2005, indicates that an amount in excess of R 400 million was required to address essential road maintenance backlogs. An additional sum was also determined for capital investment in order to upgrade the existing road network and to establish new alignments.

It was established in this study that an amount of approximately R10 million per annum was required for road maintenance. With an annual total capital budget of just over R 3 million and a maintenance budget of R 2.8 million per annum the municipality is faced with a mammoth uphill task of maintaining the road network, with an escalating backlog.

3.4 ROADS

INTRODUCTION TO ROADS

There is little doubt that Ndlambe Municipality faces numerous challenges when it comes to road maintenance services. However, intensive upgrades have recently been achieved within the Port Alfred CBD and surrounding areas, using labour intensive construction to construct concrete and block paving alignments. These have been welcomed by the public.

The majority of the existing road network was inherited when the demarcation process was formalised in 2001. This network was established by the former Town Councils, who did not adhere to general construction practice and standard road designs

The condition of the road network in Ndlambe is generally poor. This is due to several factors, including the following :

- Poor quality of available road building materials,
- The former Town Councils did not adhere to general construction practice and standard road designs
- inadequate or non-existent storm water control infrastructure,
- lack or complete absence of adequate plant and equipment and
- restricted financial resources.

Routine maintenance (day to day pothole repair, repair and unblocking of drains and blading of gravel roads) expenditure recommended by the 2004 Stewart Scott Inc. Road Management Programme for 2004/2005 was R 9.8 million. Escalating this by a conservative 7.5% per annum gives a figure of R16.3M for the current year in review. The actual expenditure was R 9.65 million, a shortfall of almost 50%. The periodic maintenance (resealing of surfaced roads and regravelling of gravel roads) is recommended to have been in the order of R 5.5M for the current year in review and in the order of R30M to date since the recommended implementation of the road management programme. Due to budgetary constraints this scale of implementation has been impossible. The above figures would have been adequate just to maintain the status quo with regard to the condition of the road transportation network.

The capital expenditure recommended by the same Stewart Scott Inc. Road Management programme is R 24.7 Million for the year under review and to date it is recommended that R 96.4 million should have been invested in new and upgraded infrastructure by now. If we assume an average width of 6m for all roads then a replacement cost of R 2.5 million per km for surfaced roads and R 500 000 per km for gravel roads would not be unrealistic.

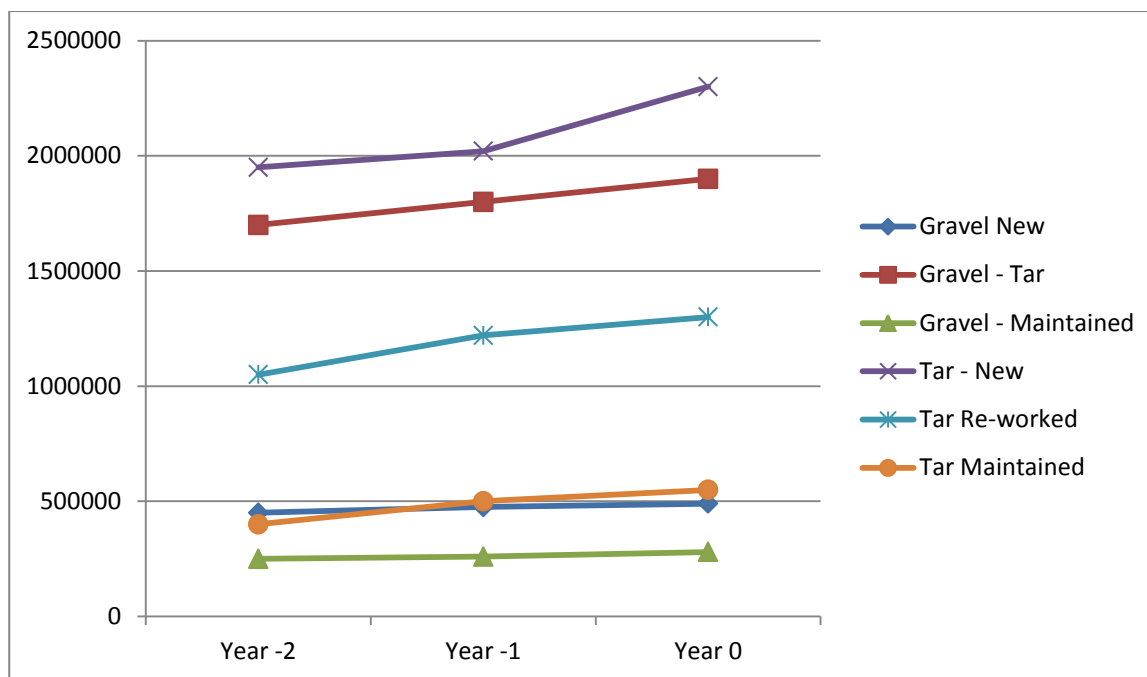
Based on these figures, our 172km of surfaced roads and 140km of gravel roads represent an asset on the ground with a replacement value in the order of R 500 million rand. Easily the single most valuable asset owned by the municipality. Given that the average design lifespan of a road is in the order of 10 – 25 years and given that this can be drawn out to 30 – 50 years with adequate and timeous remedial and maintenance actions, it is clear from the above that the single biggest challenge with regards to the road network is to secure adequate funding from internal or external sources. This will be to reverse the deterioration of the current network and to enable the municipality to embark on a realistic upgrading programme for the social and economic benefit of all residents and visitors.

Recent periods of relatively heavy and sustained rainfall has impacted negatively on all road surfaces, mainly due to the poor or complete lack of stormwater drainage infrastructure. There has been a rapid deterioration in riding surfaces, as a result.

The Council has recently embarked on a series of labour intensive road maintenance projects to address the most urgent priorities where surface failure has been the most compromising to traffic. These projects are on-going and include block paving and concrete slab surfaces.

Gravel Road Infrastructure (kilometres)				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2				
Year -1	137,64	0	0	137,64
Year 0	138,14	0,5	1	138,14

Tarred Road Infrastructure					
	Total tarred roads	New tarred roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2					
Year -1	148,76	0	0	0	148,76
Year 0	149,76	15	1	0	149,76



Employees: Road Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	49	54	50	4	8%
4-6	15	15	15	0	
7-9	8	10	8	2	4%
10-12	7	7	7	0	
13-15	1	1	1	0	
16-18					
19-20					
Total	80	87	81	6	12%

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The priority of the four largest capital projects was determined by traffic volume and level of disrepair. Due to the unavailability of internal capital funds, grants were solicited through the Expanded Public Works Programme. This programme rewards effective service delivery and the intention is to expand this programme to each urban footprint, thereby creating a spread of job opportunities and skills enablement.

The year 5 targets set out in the IDP schedule cannot be attained within approved budget provision due to the scope of backlog and scale of need. To rectify the matter, grant funders need to be convinced that the pilot projects are best practice and are effective in the delivery of suitable road surfaces.

Should the above be deemed effective, the programme will be unbundled and enlarged to include all townships in Ndlambe, which would result in a huge variation to any total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

No provincial roads have been delegated to the Ndlambe Municipality.

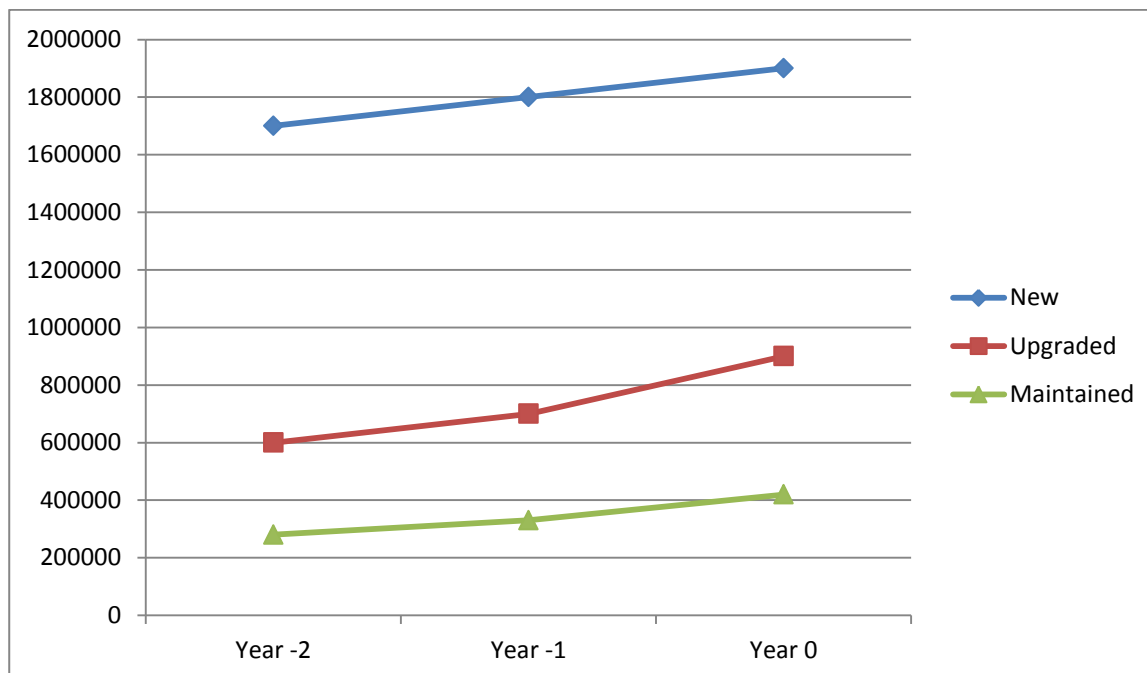
3.5 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The floods which occurred in Oct of Year -1 highlighted the reality of how marginal and in places how completely absent storm water infrastructure is within the various urban footprints of Ndlambe Municipality. Township development practice did not always consider appropriate stormwater infrastructure, due to affordability and pressing need to house the homeless. This backlog is real and growing, due to the absence of funding required to address this situation. Existing infrastructure, especially underground reticulation, is mostly undersized or completely absent.

Stormwater Master Plans have been solicited and these will be prioritised and implemented as and when funding allows. These will be linked to dovetail with the planned road maintenance plan, as discussed previously.

Stormwater Infrastructure				
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgrade	Stormwater measures maintained
Year -2				
Year -1	115,40	115,40	0	65,24
Year 0	125,56	125,56	10,16	75,17
Cost of construction / maintenance				
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2				
Year -1				
Year 0	Included in roads, above	Included in roads, above		1 341 510



Employees: Stormwater Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	16	26	16	10	63%
4-6					
7-9					
10-12	1	1	1		
13-15					
16-18					
19-20					
Total	17	27	17	10	63%

Financial Performance Year 0: Stormwater Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	1 050 870	1 341 510		1 341 510	
Expenditure:	672 790	838 280		838 280	
Employees	60 000	63 000		63 000	
Repairs and Maintenance	318 080	440 230		440 230	
Other					
Total operational Expenditure	1 050 870	1 341 510		1 341 510	
Net Operational Expenditure					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater drainage performance does not achieve expectations due to various factors, which can be considered as follows :

Historically, town plans were developed by the respective Local Town Councils. These towns concentrated on developing the business areas as residential properties were seen as being holiday accommodation

- Sub-surface stormwater infrastructure is costly to install and was rarely considered in the urban development of communities within Ndlambe Municipality
- Former subsidised housing projects did not prioritise the establishment and implementation of stormwater systems and it is now with hindsight that this oversight is so glaring.
- Consecutive development has exacerbated the lack of stormwater drainage insufficiencies.
- Stormwater Master Plans were previously not considered within the urban development criteria.

3.6 FLEET MANAGEMENT

Municipal transport is provided strictly for official services only and is not to be used for private purposes. Council will provide transport to on-duty employees in accordance with its normal operational requirements, as well as in specific circumstances approved by the relevant director. The municipality has a shortage of fleet due to lack of internal capital budget. Furthermore, extended downtime of fleet when it is in the workshop is another hindrance to service delivery.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development

INTRODUCTION TO PLANNING AND DEVELOPMENT

3.7 PLANNING

INTRODUCTION TO PLANNING

Planning strategy entails the undoing of the previously distorted settlement patterns that were cultivated by the past policy of separate development. The optimum utilisation of municipal infrastructure is encouraged by the densification of our cities. The ageing infrastructure has been a challenge in the densification and the high costs associated with the improvement of the infrastructure in the Consolidated Infrastructure Plan (CIP) and the densification of have their share in the challenges. The efficient and effective utilisation of available land is one of the plans. To that end Spatial Development Framework (SDF) was approved by the municipality on 8 March 2013. The SDF stands as a guide plan for all land use decisions. All unauthorised land uses are terminated by issuing of Section 40 notices.

The strategy in delivering Town Planning services is derived from and determined by the various Town Planning Scheme Regulations, municipal policies, guidelines and strategic plans such as the Spatial Development Framework, Environmental Management Framework (EMF), various legislation relating to land use management, etc.

The major role players are the Architects who draw building plans, residents with their day-to-day enquiries, Regional and Town Planners and Estate Agents. The State Departments also have a consistent interaction with the Town Planning Section. The Municipalities role is also stipulated in the duties and functions of the Local Authority as found in the Municipal Systems Act, Municipal Structures Act and the Constitution. The Municipality also has a responsibility to conduct its affairs in accordance with the BATHOPELE Principles which can be translated as people first. The corollary of the above is the speedy processing of all the Land Use Planning Applications to avoid unnecessary and protracted litigation against the Municipality.

- To ensure the effective allocation of limited resources to a large pool of potential development interventions.
- To provide a formal and practical method of prioritising housing projects and obtaining political consensus for the implementation thereof
- To ensure more integrated development through bringing together the relevant cross-sectoral role players to co-ordinate their development interventions. Municipality, Department of Housing, NHBRC, Contractors, Councillors & the Community
- That the Communities are empowered to constructively engage with the Municipality in identifying and fulfilling their housing needs.
- To provide greater spatial linkages between the spatial development framework and the physical implementation of projects on the ground
- To ensure that there is a definite housing focus for the IDP

Application for Land Use Development						
Detail	Formalisation of townships		Rezoning		Built Environment	
	Year -1`	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	Nil	Nil	8	12	46	61
Determination made in year of receipt	Nil	Nil	8	12	45	61
Determination	Nil	Nil	Nil	Nil	Nil	Nil

made in following year						
Applications withdrawn	Nil	Nil	Nil	Nil	1	Nil
Applications outstanding at year end	Nil	Nil	Nil	Nil	Nil	Nil

Employees: Planning Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	Nil	Nil	Nil	Nil	Nil
4-6	Nil	Nil	Nil	Nil	Nil
7-9	1	1	1	1	100%
10-12	1	1	1	Nil	Nil
13-15	1	1	1	Nil	Nil
16-18	1	1	1	Nil	Nil
19-20	Nil	Nil	Nil	Nil	Nil
Total	4	4	4	1	100%

Financial Performance Year 0: Planning Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	1 105 669	1 544 730		1 544 730	
Expenditure:	520 729	950 010		950 010	
Employees	576 940	569 220		569 220	
Repairs and Maintenance	8 000	25 500		25 500	
Other					
Total operational Expenditure	1 105 669	1 544 730		1 544 730	
Net Operational Expenditure					

Capital Expenditure year 0: Planning Services (R'000)					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total All	0	0	0		-
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

3.8 LOCAL ECONOMIC DEVELOPMENT (KPA 3)

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Ndlambe Municipality is land locked between four Municipalities namely Nelson Mandela Metro, Makana, Ngqushwa and Buffalo City Metro. Ndlambe Local Municipality is a predominantly rural area with agriculture and tourism dominating the economy. It encompasses the towns of Kenton-on-Sea, Boknes, Bathurst, Boesmansriviermond, Alexandria and Cannon Rocks.

The recently released population statistics by Stats SA indicates that Ndlambe has a population of 6/1076 out of which youth unemployment is generally high especially in the townships. Unemployment is at 30% as per 2011 statistics. The Key economic sectors for the Ndlambe Municipal area are:

- Tourism
- Agriculture
- Services sector

The employment within Ndlambe is largely spread across the following economic sectors: government, agriculture and services industry. Government and the agricultural Industry has for quite some time been the contributors in employment. Agriculture is less diversified with key farming activities being Dairy Farming, Beef Farming, Chicory, and Pineapple Farming. Most of the farming activities within the area are pursued by white farmers with black communities being the mere providers of labour.

The Agricultural industry has in the past 10 years been in a state of decline the chicory industry has been the hardest hit with many farmers either shutting down operations or switching over to other commodities like beef farming. The decline in any of the key sectors always has a direct negative impact in the townships in terms of jobs losses and employment. Government has for the past few years started land acquisition initiatives by buying farms to settle groups of farmers or communities to take over some of the white owned farms. The land acquisitions through the Land Reform Programme have not been a great success, in many instances farms bought on behalf of communities and or farming groups started declining thus shedding more jobs with declining productivity. Government owned land and that owned by the municipality e.g. commonages is hardly commercialised or used productively to benefit local communities in a sustainable manner.

As part of a strategy to revive the contribution of the agricultural sector in the local economy, the municipality issued a call for proposals inviting service providers to tender for doing a land audit of state farm land within the municipality, propose strategies for scaling up production and alternative land use. The municipality further requested service providers to profile current performance of land reform farms and determine if there is scope for expansion, increased productivity, and value addition for maximum job creation opportunities.

COMMENT ON LOCAL JOB OPPORTUNITIES:

Port Alfred is the most sought-after holiday destination on Route 72 and is known for its wonderful temperate climate, endless pristine beaches, friendly village atmosphere, glorious surf, magnificent deep sea and river fishing and the laid-back lifestyle so beloved by all visitors, many of whom become permanent residents.

Alexandria is home to various heritage and tourism sites amongst them being the "Chungwa's Grave" that lies in an area known as the Woody Cape, the Nongqawuse's Grave at the Fick's Farm Holding. It is also famous for its chicory farming industry and has been branded as the "Chicory Country" while Bathurst brings together the past and the present, being the hub of one of the largest pineapple growing areas in South Africa. It is host to what is believed to be the oldest Inn in South Africa, as well as the third oldest pub in South Africa. It is accepted that the natural environment provides the basis for the regional economy, especially the primary agriculture and tourism sectors.

Kenton on Sea, is a small coastal town on the Sunshine Coast. It is situated between the Bushman's River and the Kariega River. The area has many pristine beaches and green rolling hills, and a nature reserve along the shore ensures that no housing developments can spoil the coast.

Cannon Rocks is a village nestled in between the Boknes Village and the boundary of the Greater Addo Elephant Park it has the vast expanse of the warm Indian Ocean in front and rolling farmlands behind, making Cannon Rocks a small piece of paradise.

Livestock Farming

The livestock farmers in the Ndlambe Municipal area consist of a large number of small scale farmers who farms with very small herds of cattle, sheep and goats. At present the larger part of these farmers, who farms with cattle, only marketed their animals at an older age as C grade carcasses. The small size of the herds in this area is a contributing factor to this scenario. Farmers try to keep their cattle as long as possible before they market it so that the number of animals, and thus the size of their wealth, can stay as large as possible. The slow capital return from cattle marketed as C grades creates cash flow problems for the black farmers in partnership.

The majority of the black livestock farmers farm with Nguni cattle. The land reform farms are not optimally stocked at the moment. The main marketing constraints faced by smallholder farmers in Ndlambe includes the poor condition of the livestock, the lack of marketing information, the unwillingness and inability to adopt livestock identification practices, the lack of infrastructure and poor production and marketing management.

Very little value-adding and processing of the product is taking place within the Eastern Cape. Although the Eastern Cape has registered abattoirs to slaughter cattle, most cattle leave the province as weaner calves for feedlots in other provinces where they are marketed. One of the main reasons is that it is more efficient to take store animals to the source of feed to be fattened than to transport the feed. The current production of feed for livestock is entered in the North West, Free State and Mpumalanga provinces where maize and soybeans are traditionally produced. The Eastern Cape currently imports 120,000 tons of feed for the livestock industry and would use more were it not for the high transport cost.

Another important phenomenon is that the abattoirs in the Eastern Cape, situated mainly in Nelson Mandela Bay, East London, Queenstown, Mthatha and Kokstad are generally running below their slaughter capacity. These abattoirs are dependent on animals that are brought to acceptable condition mainly during the summer on natural grazing. Apart from on farm fattening by commercial farmers, the communal and smallholder livestock owners are not in a position to round their animals off for marketing purposes. This in turn results in low off-take as well as poor prices being realized. The natural grazing in the communal areas thus becomes grossly overgrazed with low levels of income generated are by the resource.

However, beef cattle farming in the Ndlambe Municipal area have great potential that needs to be developed. Any interventions done should seek to change the picture in favour of black farmers be it those farming in commonages or in land reform farms.

There is a huge need to commercialise livestock farming in Commonages. If this is done there is an opportunity to create community wealth and more jobs.

Dairy Farming

The Dairy Industry is relatively stable with a positive cash flow, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. The Dairy Industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the Land Reform Farms and those going under. Partnerships based on milk sharing or equity schemes are the most pragmatic option for making the black/community owned Dairy Farms to be functional and productive.

Pineapple Production

The main producing areas of pineapples in South Africa are Northern KwaZulu Natal (Hluhluwe district) and the Eastern Cape. The Eastern Cape generally account for over three quarters of the pineapples produced in South Africa. As pineapples are indigenous to the tropics, the crop requires areas where the climate is warm, humid and free from extreme temperatures (25°C being optimal).

In determining which pineapple cultivar to plant, a producer should take the following into consideration:

- The global demand and the demand in specific markets.
- His or her (the producer's) current infrastructure in respect of being able to cope with pruning, spraying, picking, cold storage and packing of a particular cultivar.
- The availability of natural resources like water, soil types, cold units and slopes.
- The land should be prepared so as to control water runoff and thereby limit soil erosion, facilitate good drainage and prevent root and heart rot, facilitate uniform distribution of sunlight to all plants, and have roads allowing machinery easy access to the pineapple plants to expedite spraying and harvesting.

Pineapple production has been declining over the past five years. Production declined by 6% during the 2009/10 season when compared with the 2008/09 volume. The decrease in production has previously been associated with the cadmium contaminated zinc sulphate fertilizer that was used by the pineapple producers. A multi-national fertilizer distributor operating in the Eastern Cape Province sourced low cost zinc sulphate from China. This zinc sulphate contained high concentrations of cadmium and lead. The resulting effect on crops dosed with these fertilizers was contaminated fruit which has damaged the reputation for South African fruit globally. The continuous decline may be an indication that the industry is still struggling to pull itself out of the crisis. Ndlambe municipal area has been hardest hit by the impact of this catastrophe in the Pineapple industry.

Chicory Production

Chicory in South Africa is exclusively produced and processed in the Eastern Cape Alexandria since 1895. This is an established industry which used to have 100 Chicory commercial farmers each employing 40 workers thus translating to 4000 jobs created at farm operation level. The central processing plant used to create 130 permanent jobs. 95% of roasted Chicory produced by the Industry supplies two major roasted Chicory users namely Nestle for Ricoffy and National Brands Limited for Frisco, Koffiehuis, Ace and Kloof etc.

The CHICORY industry has been given a massive financial and economic boost when it received a R2 million grant from the Department of Rural Development & Agrarian Reform to revitalise the local chicory production. The department, in collaboration with reputable and JSE listed giant Nestle' South Africa, signed a Memorandum of Understanding with local farmers to ensure production of chicory in Ndlambe that will meet the supply demand by Nestle' for products produced using locally produced chicory. The government has heard the farmers' outcry for the revitalisation of the local chicory industry and has implemented a long-term solution that will not only revitalise the industry but recreate various jobs lost in the closing down of the chicory industry in Ndlambe. The R2 million provided by the Department of Rural Development & Agrarian Reform is allocated to help farmers finance the acquisition of production material such as seeds, fertilizers, and anything they might need for harvest including tools. This agreement was successfully facilitated by the Department of Trade & Industry.

The grant was afforded to local emerging farmers, which the municipality has generously provided land and other important skills. The Nestle' deal has been initiated to assist in the "take-off" of the farming production to ensure sustainable revenue for farmers that will hugely reduce any possibility of failure with the local farming industry. The focus on chicory production is not coincidental but a natural progression due to the agricultural capability of all of Ndlambe. The deal is of significant importance to the economy of the region and the country. Nestle' SA currently imports this type of chicory from India. There are some challenges at the moment as farmers cannot meet the required supply of chicory that Nestle' requires from the region and we're working extremely hard in ensuring that there are other mechanisms implemented to help meet this demand and safe guard the deal and our economic strength.

Newly developments in the Hospitality Industry

Royal St. Andrews Hotel

People come to Port Alfred for the sunshine, the clear blue Indian Ocean lapping onto its Blue Flag beach, adventures on the Kowie River, its unique boutique shops and artisan brewery, its people and to simply relax.

The hotel has a total of 60 rooms which are designed, equipped and furnished to add a new luxury dimension to the Sunshine Coast experience. 50 modern luxurious rooms, as well as conference facilities, have been skilfully crafted to complement the old-world charm of the much-loved original hotel, which was built in 1924. Located in Port Alfred, South Africa, the Royal St. Andrews Hotel has re-opened after an extensive 3 year renovation.

Royal St. Andrews Hotel is the perfect destination for avid golfers as the hotel is situated within walking distance of the Royal Port Alfred Golf Club, one of the oldest and well known golf courses in South Africa. In addition the Gary Player designed Fish River Sun Country Club, and the new Belmont Valley Country Club are within a 45 minute drive.

Cannon Rock Beach Suites

Cannon Rocks Beach Suites are newly developed Self Catering Units on the beach in Cannon Rocks, 15 minutes from Kenton on Sea. These are fully fitted accommodation units.

Each unit has a one or two bedrooms and a fully kitted kitchen, cutlery and crockery and top of the shelf electric appliances. Guests can relax in the living room or outside on the patio with a built in braai, dining table and outdoor shower. Fully equipped Conference Facility with a projector, screen and all the necessities for a successful corporate or social function are available on request. The Conference facility can accommodate 60-100 people depending on the seating plan.

Jobs created during Year 0 by LED initiatives (Excluding EPWP projects)				
Total jobs created / Top 3 initiatives	Jobs Created No.	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	9 initiatives			
Year -2	47	0		Type of entity
Year -1	33	(pineapple and chicory industries faced challenges)		Type of entity
Year 0	44	N/A		

Job Creation through EPWP projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -1	3	106
Year 0	3	91

Employees: Local Economic Development Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
7-9	1	1	1	0	0%
10-12	1	3	0	3	100%
13-15	1	1	1	0	0%
Total	3	5	2	3	60%

Financial Performance Year 0: Local Economic Development Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Employees	913354.44	1273830	1235430	1379120	
Repairs and Maintenance	631.59	150000	50000	105000	
General Expenses	87365.94	1226610	1357110	1649104	
Internal Capital			7900		
Total operational Expenditure	100135.97	2650440	563415.00	3133224	

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Ndlambe Municipality has a huge scope to increase and intensify cattle farming and goat farming as key focal farming enterprises to emerging farmers and commercial farmers.

Livestock farming based on commonages has to be commercialised and township based farmers have to be taken through a commercialisation path through a massive campaign, technical support, training and design of a programmes to support black farmers towards commercialisation of livestock farming out of the townships. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the land reform farms and those going under.

Partnerships based on milk sharing or equity schemes is the most pragmatic option for making the black/community owned dairy farms to be functional and productive. The Dairy industry is relatively stable and cash flow positive, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. Unfortunately the Dairy industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it.

COMPONENT D: COMMUNITY AND SOCIALSERVICES

3.9 INTRODUCTION TO LIBRARIES; ARCHIVES; COMMUNITY FACILITIES

Library services play a critical role as information and resource centres for the local communities and for citizens. Ndlambe Municipality currently has eight operating libraries. Ndlambe Municipality has built a new library in Alexandria; Nonkqubela Township and renovated Trappersvaley Library to achieve the Municipal goal of having 1 Library in each Ward to bring the services closer to the community. Currently library section is procuring furniture and equipment for Nonkqubela library before it can be opened and fully operate as a library. Presently, all the libraries within the Municipal jurisdiction are serving as Public and School libraries due to a few schools with library facilities. Ndlambe Libraries occasionally assist with those that are initiating school libraries in terms of donating encyclopaedias that were donated by the community to the libraries as well as in setting up the school libraries at the initial stage. School learners visit the library in high numbers during their school terms for their school projects. Unemployed graduates also visit the libraries as there are sometimes vacancies put up as well as newspapers where they can search for the vacancies. Lastly Libraries are also used by community members at large which some are members and others are non-members of the libraries.

CIRCULATION OF LIBRARY MATERIALS

All Functional eight Ndlambe Municipal Libraries have migrated to Brocade Library System and some are still transferring their members and books that were on the manual system onto the Brocade Library System. Statistics for the Ndlambe Libraries for the whole year are as follows:

LIBRARIES	CIRCULATION	BOOK BLOCK LOAN
ALEXANDRIA	7050	Alexandria Christian Academy Day Care and Grade R
BUSHMANS	5364	
KENTON	10719	Kenton Primary
EKUPHUMLENI	3724	
PORT ALFRED	13405	Damant Lodge
BATHURST	2920	
FREESTONE	4401	Masiphumelele Day Care Centre
DR. I. K. MABINDISA	9846	Peter Pan and Nonkqubela Preschools

REGISTRY & ARCHIVES SECTION

PAIA Manual

A PAIA Manual was finalised, Adopted by Council on 27 May 2016. The PAIA Manual allows for transparency in the form of a Request Form.

Eliminate paper based documentation and records through Implementation of e-government

The Integrated Municipal Information System (IMIS) is an electronic version of paper based documents. The Ndlambe Municipality entered into a Service Level Agreement with TGIS.

The IMIS system:

- Manage all aspects of a municipality in one system
- Easy access to the right information
- Full audit trail
- Full access control
- Process automation allows low skilled user to be guided through process to ensure accuracy
- Communication barriers broken down

IMIS Modules in use:

TGIS contracted 12 modules of the IMIS System with Ndlambe Municipality, namely:

Module	Sub Module	Description
IMIS (Integrator)	X Security	Access Control
	X Administration	IMIS Administration
	X Basic Workflow	Messages, Tasks, Contacts
	X Venue Management	Management of municipal venues
		Fax & E-mail integration
IMIS-Build	X Building Control	Building Plan register & application
IMIS-Business	X Meetings Management	Agenda and Resolution Management
	X Contract Management	Contract Management
		Supply Chain
		Supply Chain Management
IMIS-Customer	X Customer Care	Complaints Management
IMIS-Doc	X Document Management	Document Process Management
	X Records Management	Records Control
		Content Management
		Document Information Portal
		Web Content Display
		Accessing document on the Web
IMIS-Fin		Financial System Linking
		Link Financial info with GIS
IMIS-Hr	X Personnel	Organogram
	X IMIS Performance	Performance Management on IMIS Modules
		Leave Management
		Leave Application
IMIS-Projects		IDP Planning
		IDP Planning Tool
		Project Management
		Project Definition and Monitoring
		Time Management
		Personnel Time Booking
IMIS-Infra		Roads
		Roads-Applications, Inventory and Assessment
		Water
		Water-Applications, Inventory and Assessment
		Sewer
		Sewer-Applications, Inventory and Assessment
		Electricity
		Electricity-Applications, Inventory and Assessment
IMIS-Land	X Land Management	Land and Ownership Identification
	X Estates	Municipal Fixed property register
	X Town Planning	Town Planning applications and Zoning
		Valuations
		Property Valuations

IMIS-Social	X	Cemeteries	Cemetery Control and Register
		Housing	Waiting List Management
	X	Demographics	Stats SA Census Data
	X	Demarcation	Demarcation Data
		Disaster	Disaster Management
		Health	Health Inspections
	X	Heritage	Heritage Sites

Implementation of Records Management Policy

The Records Management Policy was adopted by Council on 27 May 2016. The implementation hereof would comply with the implementation of the new and approved File Plan. This policy conforms to all standards and guidelines as laid down by the Provincial Archives and Records Management Services.

3.10 CEMETERIES AND CREMATORIUMS

INTRODUCTION TO CEMETERIES

This service falls under Parks and Recreation Section. The municipality is currently under pressure due to unavailability of land for cemeteries. In terms of the revised SDF there is a need to identify new cemeteries but this will require environmental impact assessments and identification of land. All cemeteries throughout the municipality are cleaned on a regular basis as and when required. The cemeteries are reaching capacity and once the land disposal policy process is completed land needs to be identified for cemetery space and the necessary EIA and legislative requirements be followed. The municipality does not have its own crematorium facility and as such individuals utilise the services of funeral parlours.

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

- There is no staff specifically employed for “Cemeteries” – these employees fall under “Parks & Recreation”;

GREATER AREA	COMMUNITY	WARD	Nr of CEMETERIES
Greater Alexandria	Town of Alexandria	1	1
	KwaNonquela	1	1
	Wentzel Park	2	1
Boknes / Canon Rocks	Boknes / Cannon Rocks	2	0
Kenton / Bushmans River	Marselle	3	1
	Town of Bushmans river	3	1
	Town of Kenton on Sea	4	1

	Ekhuphumleni	4	2
Greater Bathurst	Bathurst (Main rd)	5	1
	Nolukhanyo	5	1
Greater Port Alfred	Town of Port Alfred	10	2
	Nemato	8	4
	Station Hill	6	1
Seafiel / Kleinemonde	Seafiel / Kleinemonde	6	0
TOTAL			<u>18</u>

- There are no posts in the Organogram allocated for “Cemeteries”;
- There has been no capital budget for Cemeteries and Crematoria during the 2015/2016 financial year

3.11 WASTE MANAGEMENT

REFUSE REMOVAL NDLAMBE MUNICIPALITY – 2015/2016 15 961 HOUSEHOLDS PER WEEK SERVICED THROUGHOUT NDLAMBE

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Port Alfred			
Monday	Town of Port Alfred	10	872
Tuesday	Nemato	7-9	709
	East Bank / Bottom West	10	861
Wednesday	Saltvlei / Station Hill	10, 6	1119
	Nemato	7-9	695
Thursday	Ndlovini	7-9	1595
	Thornhill	6	500
Thursday / Friday	Businesses in PA	10	*
TOTAL			<u>6351</u>
GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Alexandria	Town of Alexandria	1	273

	KwaNonquela	1	1987
	Wentzel Park	2	736
Boknes / Cannon Rocks	Boknes	2	350
	Cannon Rocks	2	250
Greater Bathurst	Town of Bathurst	5	205*
	Nolukhanyo	5	856
	Freestone	5	918
Seafiel d / Kleinemonde	Seafiel d / Kleinemonde	6	235
TOTAL			<u>5810</u>

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Bushman's River Mouth			
Mondays	Riversbend / Harmony Park	3	487
Tuesday	Old Bushmans (Town)	3	254
Wednesday	Half Marselle / River Rd	3	581
Thursday	Rest of Marselle	3	750
Friday	Businesses, Bins & Beach	3	35
Kenton-on-Sea			
Mondays	Kenton Businesses	4	36
Mondays	Kenton Town	4	146
Tuesday	Kenton Residence	4	387
Wednesday	Kenton Residence	4	375
Thursday	Ekuphumleni	4	820
Friday	Businesses, Bins & Beach	4	36
TOTAL			<u>3800</u>

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

3.12 POLLUTION CONTROL

Financial Performance Year 0: Pollution Control (R'000)					
Details	Year 2015/2016	Year 2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total operational Expenditure					

- There is no staff employed for pollution control – the Environmental Health Practitioners are carrying out this function;
- There are no posts in the Organogram specifically for pollution control;
- There is no budget allocated specifically for pollution control.

3.13 BIO-DIVERSITY AND LANDSCAPE

Financial Performance Year 0: Bio-Diversity; landscape and Other (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total operational Expenditure					

ENVIRONMENTAL COMPLIANCE

Number of **vessel patrols** conducted, 5.5metre, 4.7metre rubber duck:

• Kowie River	=	99
• Kariega River	=	51
• Bushmans River	=	49
• Fish River	=	1
• Kleinemonde	=	3
• Coastal Patrols	=	7
• Bathurst Water Supply Dam	=	1
• Total number of boat patrols	=	204

Boating **decals** sold: = 1389

Number of **boat inspections** conducted: = 1066

Number of **vehicle patrols**: = 935

Number of **beach patrols**: = 25

Number of **Game Reserve patrols**: = 27

Number of **vehicles/persons stop & search**: = 43

Number of **slipways visited**: = 694

Number of **foot patrols** conducted along Kowie, CBD area, East, West, Kelly's, Shelly, Kasouga, Kenton on Sea, and Bushman's Beaches/Rivers:

= 241

Number of **road blocks / VCP's** attended: = 7

Number of **complaints attended**: = 356

Environmental **Awareness / Education** Campaigns: = 16

Number of **written warnings/compliance notices** issued: = 34

Number of **finances** issued: = 27

Number of **warrants executed**: = 2

Number of **verbal warnings** issued: = 145

Number of **site inspections** carried out: = 119

Special Events attended for the month: = 4 Intercity Rowing & Varsity Rowing; Kariega Triathlon & River Mile

Fees brought in due to special events: = R 15 093-00

Fees brought in due to boat permits: = R 13 653-30

Fees brought in due to trap cages: = R 600-00

Confiscations/Recoveries:

3 x fishing rods and reels,

339 units of Abalone = **R51 600-00**, diving equipment, Abalone bags etc = **R45 000-00**,

80 x mud prawns. 3 X Cycads measuring 1.6m; 1.4m and 1.8m in length.

1 x surf/long board and netting Seafield CAS 13/35/2015.

41 boxes of fish – 112.03kg PA CAS 27-02-2016

- 3 x arrests were made at Kap River for poaching (3 x warthogs were killed), 8 x dogs were confiscated and removed to the SPCA, Seafield CAS 3-04-2016, SAP13/13-2016,
- OB 216-04-2016 refers;
- Property recovered after suspects fled at Kap River;
- 1 x Khayaka, paddle, pump and 2 x blow up chairs, 50L bucket, 3 x drag nets and 7 x roles rope.
- Seafield SAP13/11/2016 and OB 733/04/2016.

ENVIRONMENTAL COMPLIANCE

	Duties	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1	River/Boat patrols	53	59	53	46	211
2	General patrols; (Reserves, beaches, foot etc.)	299	337	294	298	1228
3	Verbal warnings	65	44	27	11	146
4	Warning Notices / Fines and Warrants Issued	23	15	7	23	68

ENVIRONMENTAL CONSERVATION

CONTRACTUAL LIFEGUARDS

- Appointed 6 contractual lifeguards, 3 x Kelly's Beach and 3 x Kariega Main Beach. (1 Dec 15 – 1 May 16)
- Appointed 10 short term lifeguards, 2 x Kleinemonde, 4 x Boknes and 3 x East beach and 1 x Kariega (5 Dec 14 – 4 Jan 15)
- No lifeguards were to be placed at Bushmans, Cannon Rocks and Fish River.
- East Beach was manned by 3 casuals lifeguards over Easter period

BLUE FLAG BEACHES

- Ndlambe municipality applied for two full status beaches namely that of Kelly's Blue Flag Beach (11th season in a row), Kariega Main Beach (7th season in a row), Boknes (4rd season), Kleinmonde (3rd season) and Middle beach (3rd season).
- At the National launch Ndlambe received two Blue Flags, namely that of Kelly's Beach (Ward 10), Kariega Main Beach and Three Pilot beaches, Middle Beach (Ward 4), Kleinmonde (Ward 6) and Boknes (Ward 3).
- The Blue Flag season for the past financial year started on 1 December 2015 and ran up until 01 May 2016 for Kelly's and Kariega beaches. The other 3 beaches ran from the 5 December 2015 – 7 January 2016.
- During this period 2 unannounced visits were carried out by a Blue Flag South Africa Inspector.
- Water samples were taken on a bi-weekly- monthly basis throughout the duration of the season and all samples taken were far below the minimum count requirements for Ecoli and Streptococci as per Blue Flag standards on all five beaches.

WORKING FOR THE COAST PROJECT

- 2 DEA Working for the Coast Projects were in progress this year in the Ndlambe area:
- SANPARKS (Bushmans to Sundaysriver mouth). Number of beneficiaries: 85 of which 73 from Ndlambe area Alex to Bushmans
- PD Muratshi Development CC (Kenton-on-Sea to Fish River including boknes). Number of beneficiaries: 80, all from Ndlambe area
- Projects are working on a 6 month on and 6month off basis, stretching a two year project over three years 2015-2018.

ENVIRONMENTAL EDUCATION

Various environmental education campaigns were carried out at schools, beaches, Blue Flag Beaches and on site. Target audiences reached:

- 413 ADULTS
- 1439 SCHOLARS

NATURE RESERVE MANAGEMENT

GAME COUNT LATEST STATISTICS (June 2016):

- Monthly game counts are carried out at both the Kap River and Roundhill nature reserves.

KAP RESERVE NATURE RESERVE

Date - 28 June 2016

Method - Known location method

Mode - Bakkie

Weather- Sunny and warm

Results:

Zebra	34
Impala	57
Reedbuck	2
Giraffe	3
Blesbok	1
Red Hartebeest	9
Warthog	14
Bushbuck	3
Vervet monkeys	0
Nyala	0

ROUNDHILL RESERVE

Date - 29 June 2016
Method - Known location method
Mode - Bakkie
Weather - Sunny and warm

Results:

Zebra	28
Impala	0
Bontebok	18
Bushbuck	0
Warthog	7
Common Duiker	0
Springbok	10

3.14 ENVIRONMENTAL HEALTH

1. WATER QUALITY MONITORING

Water quality monitoring is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Water Quality monitoring is also set out on the municipal IDP as one of the priority areas for basic service delivery. Regular drinking water samples are taken for bacteriological and chemical analysis as per legislative mandate (SANS 0241) to establish water safeness for human consumption.

The graph below indicates compliance/failure as a result of *Escherichia coli* (E. coli) which is an indicator of faecal pollution by warm blooded animals (often interpreted as human faecal pollution). E.coli is responsible for infectious diseases such as gastroenteritis, cholera, dysentery and typhoid fever after ingestion of contaminated water.

The graph is generated automatically based on data loaded onto the electronic Water Quality Management System (eWQMS) and further provides summary information on key water quality results as required for legislative compliance.

FIGURE:2Compliance/FailureforE.coli

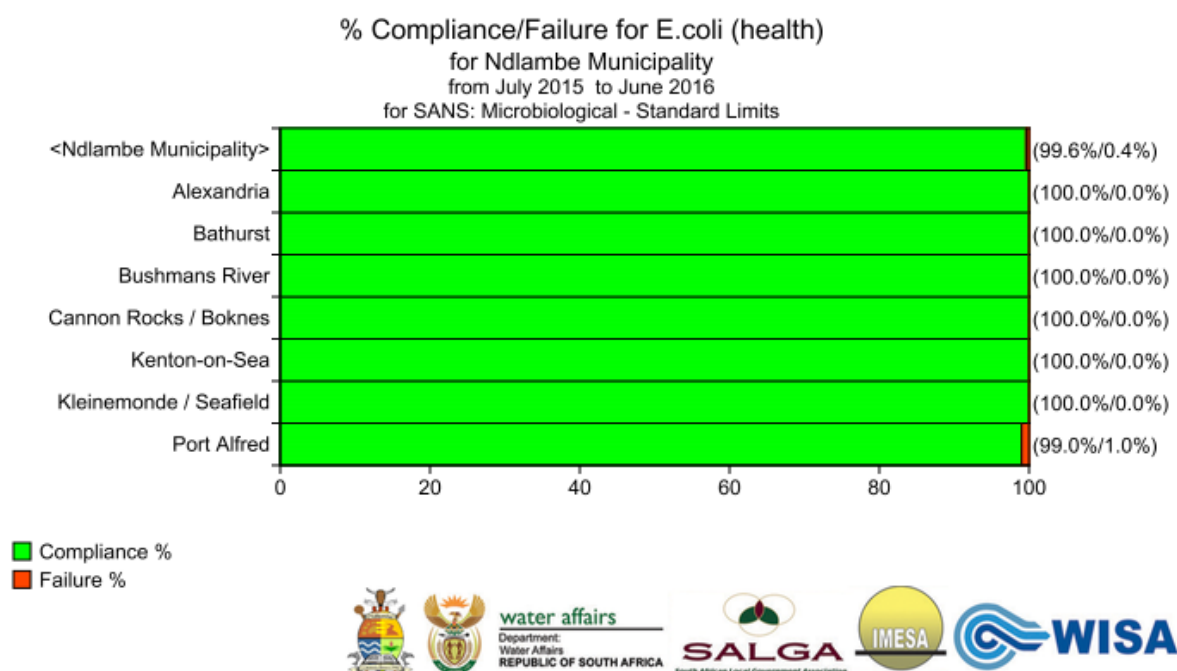
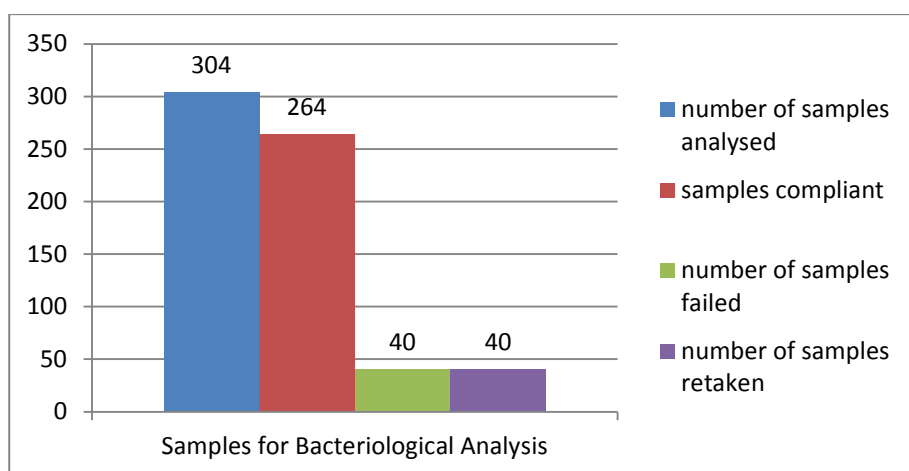


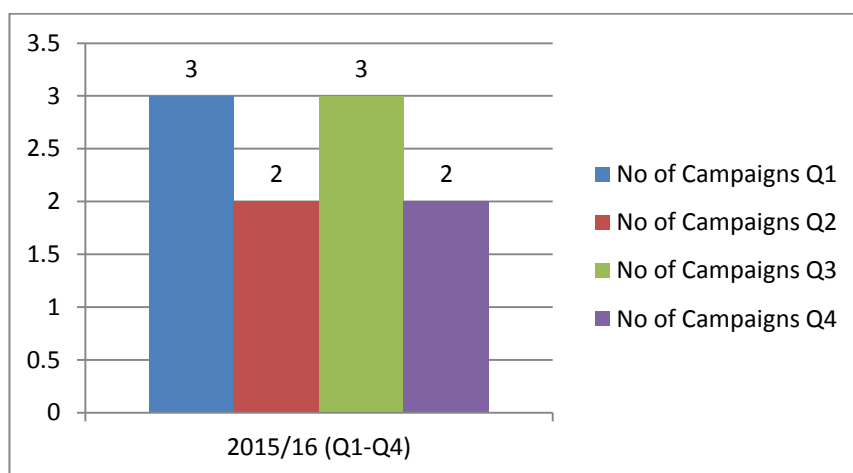
FIGURE 3: Drinking Water Quality Monitoring (E.coli/Feecal Coliform/Total Coliform)



2. COMMUNICABLE DISEASES

Communicable disease is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services) as also set out on the municipal IDP document. Education and Awareness campaigns are conducted in to prevent conditions that would favour the spread of communicable diseases. Education and awareness campaigns are aimed at improving Communicable Disease Control improves the quality of life of all Ndlambe municipality residents and the visitors. The primary role of Environmental Health on the cases and types of communicable diseases and illnesses in the community is to identify trends and patterns in the population. Environmental Health Practitioners conduct investigations which include interviewing persons affected by communicable disease. In addition, Environmental Health Practitioners educate individuals and the general public regarding communicable diseases and how to prevent transmission, in order to minimize or halt the spread of illness.

FIGURE 4: Education and awareness activities



Activities on education and awareness Campaigns involved the following:

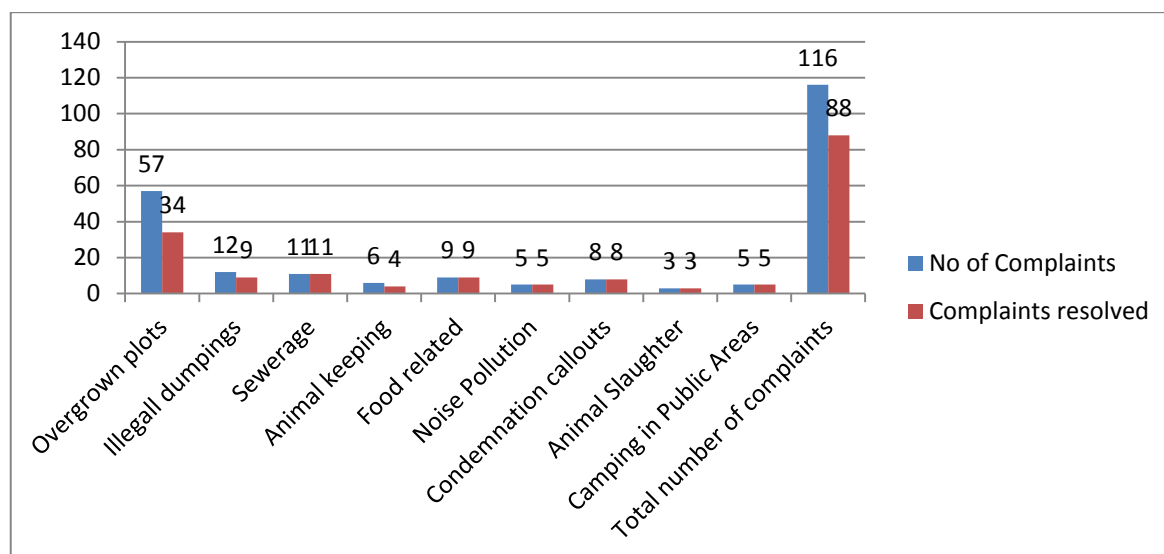
- Promoting use of environmentally friendly waste disposal practices
- Create support mechanisms for the protection of environment
- Distribution of a prohibition notice in terms of the municipal Solid Waste Disposal By-law
- Learners from Nomzamo High School - practical session on land pollution
- Door-to-door campaigns on separation at source recycling initiative
- Encouraging communities to actively participate in conservation of the environment
- Clean-up campaigns

3. ENVIRONMENTAL HEALTH RELATED COMPLAINTS

Environmental health is concerned with all aspects of natural and built environmental that may affect human health. Environmental health also contributes to the promotion of wellness and prevention of disease, primarily by controlling environmental factors that negatively impact on human health; it also encompasses the discipline of anticipating, recognizing, evaluating and controlling health hazards. Most of the complaints attended are the priority areas of the municipality as listed on the municipal IDP document.

The table below shows environmental health related complaints received during the 2015/2016 financial year. Approximately one hundred and sixteen (116) environmental health complaints were attended to and are as follows:

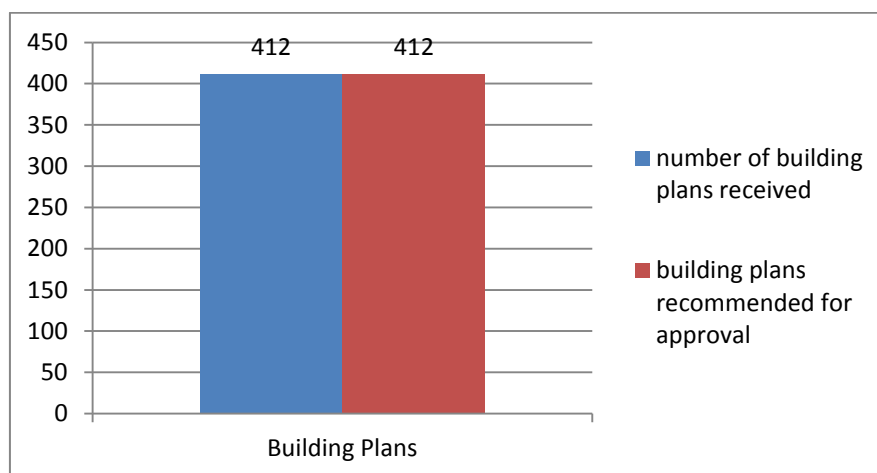
FIGURE 5: Environmental health related complaints



4. BUILDING PLANS

Approximately four hundred and twelve (412) building plans that were received, scrutinized and recommended for approval in the financial year 2015/16 by the environmental health section.

FIGURE 6: Building Plans

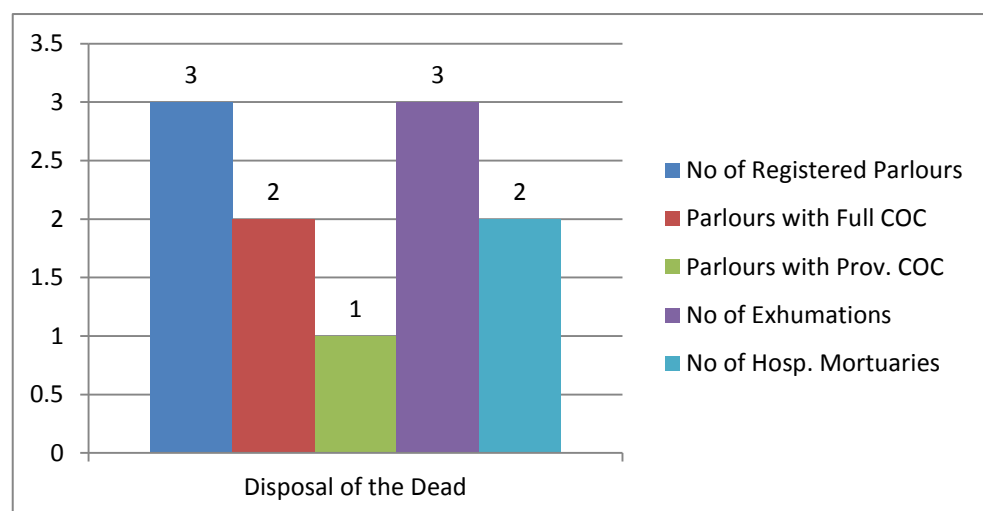


5. DISPOSAL OF THE DEAD

INSPECTION OF FUNERAL PARLOURS

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislations including the regulation relating to funeral undertakers.

FIGURE 7: illustrates information relating to disposal of the dead.



**COMPONENT G:
SECURITY AND
SAFETY**

3.15 FIRE

FIRE AND EMERGENCY SERVICES					
ANNUAL REPORT 2014/2015 FINANCIAL YEAR					
Number Of Fires	1ST	2ND	3RD	4TH	TOTAL
Buildings	1	0	0	2	3
Dwellings (formal)	3	5	0	4	12
Informal dwellings	3	6	7	5	21
Electrical	0	0	0	0	0
Rubbish	7	11	15	19	52
Vegetation	6	13	31	29	79
Transport	1	3	1	5	10
Other (not specified above)	0	0	0	0	0
Sub Total	21	38	54	64	177
Number Of Special Services					
Accidents	29	33	23	37	122
Rescue	0	1	1	0	2
Spillages	0	0	1	0	1
Miscellaneous (any other not specified)	0	6	13	4	23
Hazmat spillages	0	0	0	0	0
Sub Total	29	40	38	41	148

Nr Of Ancillary Services					
Provision of Potable Water	0	0	0	1	1
Locked premises	0	0	0	0	0
Any other types of humanitarian services	14	3	0	0	17
Sub Total	14	3	0	1	18
Number Of No - Services					
Extinguish before arrival	3	7	4	7	21
False Alarm Good Intent	3	1	1	2	7

False Alarm Malicious	1	2	0	1	4
Sub Total	7	10	5	10	32
Grand Total Of Incidents.	71	91	97	116	375
Number Of People Involved In:					
Fires	51	77	18	83	229
Accidents	74	58	57	58	247
Total	125	135	75	141	476
Number Of Fatalities					
Fires	0	1	0	0	1
Accidents	2	4	1	3	10
Total	2	5	1	3	11
Number Of Injuries:					
Fires	0	0	0	0	0
Accidents	15	22	14	29	80
Total	15	22	14	29	80
PROPERTY DAMAGES					
Estimated Damages (Contents and Building)	1179000	3716500	860800	69458000	75214300
Estimated Values (Contents and Building)	170000	349500	123800	7385500	8028800
No. Of Staff (Full Time)					
Chief Fire Officer	1	1	1	1	1
Assistant/Deputy Chief	0	0	0	0	0
Divisional Commanders	0	0	0	0	0
Station Commanders	0	0	0	0	0
Platoon Commanders	0	0	0	0	0
Senior / Leading Fire fighters	4	4	4	4	4
Fire Fighters	7	7	7	7	7
Control Room Operators	4	4	4	4	4
Reservist Fire fighters	9	7	7	7	7
Admin staff	0	0	0	0	0
Other staff-Volunteers	0	0	0	0	0
Total	25	23	23	23	23
Number Of Vehicles					
Major Fire Pumpers	1(OOC)	1	1	1	1
Medium Pumper Fire Engines	1	1	1	1	1
Light Rescue vehicles	1	1	1	1	1
Heavy Duty Rescue	0	0	0	0	0
LDV Fire Skid units	1	1	1	1	1
Fire fighting trailers	0	0	0	0	0
Water Tankers	2(OOC)	2(OOC)	2(OOC)	2(OOC)	2(OOC)
Hazmat trailer / vehicle	1	1	1	1	1
Hydraulic Platforms	0	0	0	0	0
Turntable Ladders	0	0	0	0	0

Other	0	0	0	0	0
Total	3+Trl	4+Trl	4 + Trl	4 + Trl	4 + Trl
Fire Services Vehicles					
Vehicles involved in Accidents	0	0	0	0	0
Vehicles Out of Commission	1MP/2WT	2WT	2WT	2WT	2WT
Buildings / Fire Stations					
Location of fire stations	Port Alfred	Port Alfred	Port Alfred	Port Alfred	Port Alfred
No. Of fire stations (Includes Satellites)	1	1	1	1	1
Total	1	1	1	1	1
Staff Training & Development					
Number of staff trained in:	FF1	FF2	HAZ A	HAZ OPS	BAA
Total	11	8	10	8	6
Required	0	3	1	3	5
In- Services Training To Fire Staff					
Training Sessions	81	90	51	70	292
Nr. of hours theoretical and practical	157	166	105	144	572
Formal Training By Fire Staff					
Type of Training (Eg. FF1/FF2/BAA/Hazmat etc.	0	0		0	0
Number of Staff Trained during the Quarter	0	0	3	0	3
Total	0	0	3	0	3
Awareness And Training					
Number of civilians made aware	514	274	200	238	1226
Type of institution visited	COMMERCIAL/ INDUSTRIAL/ INSTITUTIONAL				
Number of children / teachers made aware	2204	0	196	51	2451
Number of schools covered	13	0	4	1	18
Fire Prevention					
General Inspections	169	143	83	118	513
Flammable Liquid	11	11	3	0	25
Building Plans	134	74	74	109	391
Fire Hydrants	163	323	204	263	953

MOTOR VEHICLE LICENSING AND REGISTRATION STATISTICS FOR FINANCIAL YEAR 15/16

Total agency fees collected:

Jul 2015 R102 282.57

Aug 2015 R553 047.10

Sep 2015	R379 129.70
Oct 2015	R214 223.14
Nov 2015	R115 698.22
Dec 2015	R116 979.50
Jan 2016	R151 270.58
Feb 2016	R104 556.20
Mar 2016	R131 612.93
Apr 2016	R165 368.70
May 2016	R170 264.05
Jun 2016	R165 368.70

DLTC STATISTICS FOR FOR FINANCIAL YEAR 2015-16

Total fees collected for the DLTC's:

Jul 2015	R188 256
Aug 2015	R151 263
Sep 2015	R197 737
Oct 2015	R175 623
Nov 2015	R191 817
Dec 2015	R154 563
Jan 2016	R183 552
Feb 2016	R104 556.20
Mar 2016	R106 523
Apr 2016	R990 986
May 2016	R184 048
Jun 2016	R190 986

STATISTICS OF NOTICES FOR FINANCIAL YEAR 2015-16

Total fees collected for Law Enforcement:

Jul 2015	R7 150
Aug 2015	R16 200
Sep 2015	R21 250

Oct 2015	R12 340
Nov 2015	R10 650
Dec 2015	R4 050
Jan 2016	R18 250
Feb 2016	R6 780
Mar 2016	R26 570
Apr 2016	R132 459
May 2016	R11 700
Jun 2016	R122 142

3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

- Disaster Management is a competency of Cacadu District Municipality. A Disaster Co-Ordinator has been appointed by Cacadu District Municipality and he has a satellite office in the Port Alfred;
- The Municipality is currently not carrying out the function of Animal Licensing. The control of animals and Public Nuisances is a shared function between Environmental Conservation and Environmental Health.

COMPONENT H: SPORT AND RECREATION

Employees: Sport and Recreation					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %

Financial Performance Year 0: Sports and Recreation (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total operational Expenditure					

Additional to the Narrative report provided above the institutional Scorecard, comprising of performance report from each directorate and unit is provided below for the users' ease of reference and for audit purposes.

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets		Annual Budget			Quarterly Targets						ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
BASELINE			2015/16	2015/16	Q1		Q2		Q3		Q4						
BSD1	Ensure that water is supplied as per DWA Standards	BSD1.1: A revised Water Safety Plan in place and implemented for each water supply system	Draft Water Safety Plan	85% Compliance	R150 000	0% Compliance	R0. 00	0% Compliance	R0. 00	0% Compliance	R0. 00	85% Compliance	R0. 00	Target met	Results are improving – Safety plan draft completed.	Water Safety Plan for each water supply system Reports	INFRASTRUCTURE SERVICES

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD1.2: % increase of indigent households having access to free basic potable water	100%	100%	R0. 00	100%	R0. 00	100%	R0. 00	100%	R0. 00	100%	R0. 00	Target exceeded	No formal househol ds are not getting water. Over and above that informal househol ds are provided with standpip es and the farms are getting water through water trucks.	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD1.3: Supply sufficient potable water that meets national compliance standards.		97%	R10. 6m	Monthly quality control to all supply systems to have zero failures for 90% of tests	R1. 65m.	Monthly quality control to all supply systems to have zero failures for 90% of tests	R3. 65m	Monthly quality control to all supply systems to have zero failures for 90% of tests	R3. 65m	Monthly quality control to all supply systems to have zero failures for 90% of tests	R1. 65m	Target met	The overall percentage pass of the results is 98% and the bulk infrastructu re projects are in place to ensure that water is sufficient. Bathurst Water Upgrade has been completed and resevoirs in Cannon Rocks are completed.	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
														Target met	Results are improvin g – Safety plan draft complete d		
		BSD1.4: % reduction in number of households without potable water	100%	100%	R17 720 739.15	23%	R 4.0m	34%	R6.0m	23%	R4.0m	20%	R1.65m	100% Target met		Reports	
		BSD1.5: % increase in Blue Drop Status	43%	100%	R2.440m	20%	R488 000	30%	R732 000	30%	30%	20%	R3 720 7 39.15	Target met	Results are improvin g – Safety plan draft complete d	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
BSD2	Ensure water conservation and water demand management	BSD2.1: Improved efficiency in municipal water usage by decreasing water losses every year.	42%	100%	R3 721 353.35m	6%	R 240 451.12	60%	R 2 240 451.12	33.3%	R 1 240 451.12	0%	0.00	Target met	reduced by 7% in Port Alfred and Alexandria-Resolve report.	Reports	
		BSD2.2: Water conservation and water demand management business plan in place and implemented	0	100%	R200 000	0%	R0.00	0%	R0.00	0%	R0.00	100%	R200 000	Target met	Business plan is in place and is being implemented hence we are improving on the water losses.	Business Plan Reports	INFRASTRUCTURE SERVICES

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
BSD3	Ensure the availability of waterborne sewerage according to prescribed standards	BSD3.1: % increase of waterborne sewerage installation	40%	100%	R485 000	20%	R97 000	30%	R145 500	30%	R145 500	20%	R97 000	Target met	Of the recieved and available budget the sewerage installation was increased by 100% and 40% more based on the additional funding.	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD3.2: Generating funding to provide for 5% increase in waterborne sewerage	R69m	MIG Funding & Bucket Eradication Quantum	R0.00	Bucket eradication and MIG Funding Quantum	R0.00	Bucket eradication and MIG Funding Quantum(5 2million)	R0.00	Bucket eradication and MIG Funding Quantum(5 2million)	R0.00	Bucket eradication and MIG Funding Quantum(5 2million)	R0.00	Target met	A total of R 113 million has been used to increase waterborne sewerage in Port Alfred. Initially R39 Million was received, another business plan was done and due to good performanc e on site the money	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD3.3: % increase of households with access to sanitation services	70%	100%	R5 821 9 10.85	59%	R 3.0m	31%	R 1 821910.8 5	10%	R1m	0%	R0.00	Target met	All registre d indigents get free basic sanitatio n services.- pump outs and reticulati on. MIG and Bucket eradicati on are done in the township covering mostly the indigents	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD3.4: % increase of indigent household with access to free basic sanitation services	100%	100%	R0.00	100%	R0.00	100%	R0.00	100%	R0.00	100%	R0.00	100% Target met		Reports	
		BSD3.5: Revised Waste Water Safety Plan per waste water system in place and implemente d	Draft Waste Water Safety Plan	85% compliance	R40 000	0% Compliance	R0.00	0% Compliance	R0.00	0% Compliance	R0.00	85% Compliance	R40 000	100% Target met		Waste Water Safety Plan Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD3.6 % increase in Green Drop status	23%	100%	R241 855	20%	R48 371	30%	R72 556. 50	30%	R72 556. 50	20%	R48 371	Target met	Improve ment in the effluent results and submitti ng of informati on to DWS. Evidence in the file.(resul ts)	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets		Annual Budget			Quarterly Targets							ACTUAL PERFOR MANCE		
BASELINE			2015/16	2015/16	Q1		Q2		Q3		Q4						
0% Compli ance 20%	Improve the quality of roads and storm water.	BSD4.1: Roads and Storm Water Managemen t Plan in place and implemente d	Nil	15%	R0.00	4%	R0.00	4%	R0.00	3%	R0.00	4%	R0.00	100% Target met	Draft roads masterpl an/ manage ment plan in place and started impleme ntation. E.g Slurry seal as an improve ment to roads.	Roads and Storm Water Manage ment Plan	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
BSD5	Ensure development of integrated human settlements	BSD5.1: Measure implementation against the Housing Sector Operational Plan for the year under review.	100% expenditure	100% Allocation	R0.00	25% Allocation Expended	R0.00	50% Allocation Expended	R0.00	75% Allocation Expended	R0.00	100% Allocation Expended	R0.00	100% Target met		Reports	
BSD6	Ensure access to electricity and/or alternative energy	BSD6.1: Monitor the provision of electricity according to the existing Electricity Maintenance Plan	Nil	100% on draft of maintenance plan	R100 000	Nil	R0.00	100%	R0.00	Nil	R0.00	Nil	R100 000	Target met	The process for a new contract started. Specification that entails what will be in the plan is in place.	Reports	INFRASTRUCTURE SERVICES
		BSD6.2: Measures put into place that explores the partnership mechanism with ESKOM	Nil	Agenda's and minutes to meetings with NERSA, ESCOM and DoE reflect partnership	R0.00	Nil	R0.00	Nil	R0.00	Nil	R0.00	agenda's and minutes to meetings with NERSA, ESCOM and DoE reflect partnership	R0.00	Planned target met	The audit by NERSA has been started. A meeting has been held WITH Mr Mbewu of DOE to	Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16			Quarterly Targets Q2		Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
				and similar goals								and similar goals			take this forward.		
		BSD6.3: % increase of households with access to electricity in direct proportion to housing projects implemente d	100% of formal households	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% Target met		Reports	
		BSD6.4: % increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on- line	100%	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% Target met		Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD6.5: % increase of indigent households with access to free alternative energy sources	Register in place	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	Target met	- Gel stoves.- Register is in place. This is also done for the informal houses in the farms.	Reports	INFRASTRUCTURE SERVICES
BSD7	Utilization and management of available land and buildings in a sustainable manner	BSD7.1 Improved turnaround time on approval of land use applications within statutory frameworks	8 weeks	100%	R836 000	20% of all land use application s are approved within statutory framework s	R167 200	30% of all land use application s are approved within statutory framework s	R250 800	30% of all land use application s are approved within statutory framework s	R250 800	20% of all land use application s are approved within statutory framework s	R167 200	100% Target met		Reports	
		BSD7.2: Lease Register compiled and managed	Compiled lease register	10% of the existing backlog is resolved per quarter.	R0.00	2.5% of the existing backlog is resolved	R0.00	5% of the existing backlog is resolved	R0.00	7.5% of the existing backlog is resolved	R0.00	10% of the existing backlog is resolved	R0.00	100% Target met		Lease Register Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		BSD7.3: Reduction in number of land use practices/decisions that are not aligned with the applicable regulatory framework	100%	100%	R0.00	100%	R0.00	100%	R0.00	100%	R0.00	100%	R0.00	100% Target met		Reports	
BSD8	Ensure that an effective fleet management system is in place	BSD8.1: Fleet Management Policy in place	Fleet management policy in place (not reviewed)	The baseline is the number of disciplinary actions taken the previous year relative to non-compliance reports, where a 50% improvement is aimed for, for this financial year and reviewal of the policy to be completed 100%	R0.00	12.5% on Baseline	R0.00	25% on Baseline	R0.00	37.5% on Baseline	R0.00	50% on Baseline	R0.00	100% Target met		Fleet Management Policy in place Reports	INFRASTRUCTURE SERVICES

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets		Annual Budget			Quarterly Targets						ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
			BASELINE	2015/16	2015/16	Q1		Q2		Q3		Q4					
		BSD8.2: Fleet Maintenanc e Plan developed and implemente d	Non- revised fleet maintenanc e plan	Fleet Maintenan ce Plan	R0.00	Nil	R0.00	Nil	R0.00	Nil	R0.00	100%	R0.00	100% Target met		Fleet Maintena nce Plan	
		BSD8.3: Improved turnaround time in the servicing and repairing of municipal fleet	60%	100%	R6 912 849	20%	R1 382 569.8	30%	R2 073 8 54.70	30%	R2 073 8 54.70	20%	R1 382 5 69.8	100% Target met		Reports	
BSD9:	Ensure a safe and healthy built environment	BSD9.1: Improved turnaround time for approving qualifying building plans within statutory timeframes measured against meeting agenda and minutes of the Building Committee	100%	100%	R0.00	-	R0.00	-	R0.00	-	R0.00	100%	R0.00	100% Target met		Reports	INFRASTRUCTURE SERVICES
		BSD9.2: Improved law enforcement	100%	100%	R92 800	20%	R18 560	30%	R27 840	30%	R27 840	20%	R18 560	100% Target met		Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	BASELINE	Annual Targets 2015/16	Annual Budget 2015/16	Q1		Q2		Quarterly Targets Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		of buildings that are not complying to legislative requirements															
BSD10	Provide recreational and sport facilities to communities and ensure access to well-maintained facilities	BSD10.1: No. of Sport Fields built	8	1		1		1		1				Target exceeded	- 5 sports field have been constructed.	Reports	COMMUNITY & PROTECTION SERVICES
		BSD10.2: Draft Strategy and Implementation Plan for the provision of access to well-maintained sports and recreational facilities are in place	Strategy and Implementation Plan	100%		-		-		-		100%		100% Target met		Draft Strategy and Implementation Plan Reports	
		BSD10.3: Monitor implementation of maintenance of recreational and sports facilities against expenditure	80%	80%		-		-		-		80%		100% Target met		Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets	Annual Budget	Annual Budget	Q1		Q2		Q3		Q4		ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
		targets for this financial year															
BSD11	Ensure well maintained gravesites in close proximity to settlements	BSD11.1: Draft Maintenanc e Plan in place for all cemeteries	Maintenan ce Plan	100%		-		-		-		100%		100% Target met		Draft Maintena nce Plan Reports	
		BSD11.2: Monitor implementat ion of maintenance plan against expenditure targets for the current financial year	Implement ation of the IWMP	80%		-		-		-		60%		100% Target met		Reports	
BSD12	Provide sufficient and affordable solid waste disposal options to communities according to legislative frameworks	BSD12.1: Procure funding to craft a revised integrated waste managemen t plan in the next financial year.		100%		-		-		-		100%		100% Target met		Reports	
		BSD12.2: Monitor	Schedule of waste	80%		-		-		-		80%		100% Target		Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets	Annual Budget			Quarterly Targets							ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
			BASELINE	2015/16	2015/16	Q1	Q2	Q3	Q4								
		implementat ion against the current schedules relating to waste disposal objectives	disposal											met			
BSD13	Ensure sustainable utilisation of natural resources according to the existing available legislation and policies	BSD13.1 Procure funding to craft various environmen tal managemen t plans as prescribed by the AG.		100%		-	-		100%				100% Target met			Reports	
		BSD13.2: Obtain and maintain Blue Flag International standards of all Blue Flag Beaches	2 Blue Flag Beaches	100%		-	-		100%				100% Target met			Reports	
		BSD13.3: Protection and managemen t of all natural resources according to the targets set for each operational		60%		-	-		60%				Target exceeded	The target was exceeded because in the financial under review a Conservatio nist was employed		Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets		Annual Budget			Quarterly Targets						ACTUAL PERFOR MANCE	REASON FOR VARIANCE		
			BASELINE	2015/16	2015/16	Q1		Q2		Q3		Q4					
		manager															
BSD14	Improve the environmental health of the area in accordance with environmental health legislation	BSD14.1: Measure implementat ion against compliance with standards as provided in national legislation		60%		-		-		-		60%		100% Target met		Reports	
BSD15	Improve road safety in accordance with the National Road Traffic Act	BSD15.1: Required traffic managemen t measures are implemente d according to legislation	Fully functional traffic section	60%		-		-		-		60%		100% Target met		Reports	
BSD16	Regulate the enforcement of by-laws	BSD16.1: Measures taken to regularize the enforcement of by-laws	Enforceme nt of al by-laws	60%		-		-		-		60%		100% Target met		Reports	
BSD17	Provide fire and disaster management services in terms of National Disaster Management Act and applicable Fire	BSD17.1: Draft Fire Emergency Implementat ion Plan in place	Fire and Emergency Implement ation Plan	100%		-		-		-		100%		100% Target met	The departmen t received funding for the installation of new firehydrant s and maintenanc	Draft Fire Emergen cy Impleme ntation Plan Reports	COMMUNITY & PROTECTION SERVICES

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16														MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
		KPA1: BASIC SERVICE DELIVERY															
	Objective	Key Performanc e Indicator	Annual Targets		Annual Budget			Quarterly Targets					ACTUAL PERFOR MANCE	REASON FOR VARIANCE			
BASELINE			2015/16	2015/16	Q1		Q2		Q3		Q4						
	Services legislation														e of old fire hydrants		
		BSD17.2 Monitor implementat ion against the Draft Fire and Emergency Plan	80%	80%		-		-		-		80%		100% Target met		Reports	

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget								Quarterly Targets				
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
OTID1	Ensure efficient and cost-effective management of the resources and the performance of the Municipality	OTID1.1: Municipal administration and performance managed effectively	12	12 Meetings of Management Committee Approved ToR Schedule of Meetings		3 Meetings of Management Committee Schedule of Meetings		3 Meetings of Management Committee		3 Meetings of Management Committee		3 Meetings of Management Committee Approved ToR Schedule of Meetings		Target met		12 Management Committee meetings held	Reports & Minutes ToR Schedule of meetings
		OTID1.2: Fiscal discipline maintained and monitored	12 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS	12 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS		3 S71 Reports Quarterly Financial Report		3 S71 Reports Quarterly Financial Report		3 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS		3 S71 Reports Quarterly Financial Report		Target met			Reports
		OTID1.3: Legal compliance monitored and reported on	Litigation Register Annual Report on Litigation Register	Litigation Register Annual Report on Litigation Register		None		None		None		Litigation Register Annual Report on Litigation Register		Target met			Litigation Register Report
		OTID1.4: Performance Information reports	4 Quarterly Performance Reports S72 Mid-	4 Quarterly Performance	0	1 Quarterly Performance Report	0	1 Quarterly Performance	0	1 Quarterly Performance	0	1 Quarterly Performance Report	0	Target met		4 Quarterly Performance Reports	Reports

OFFICE OF MUNICIPAL MANAGER

IDP REF NO.					KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT								ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION	
	Objective	Key Performance Indicator		Annual Targets	Annual Budget					Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4						
		analysed and signed off	year Performanc e Report Annual Report	Reports S72 Mid- year Performa nce Report Annual Report				Report Annual Report		Report S72 Mid- year Performa nce Report R0.00		R0.00		S72 Mid- year Performanc e Report Annual Report compiled and available				
		OTID1.5: Quarterly reports on Performance Reviews for section 56 Managers analyzed and signed off	4 Quarterly S56 Reports Annual S56 Report	4 Quarterly S56 Reports Annual S56 Report	R	1 Quarterly S56 Report Annual S56 Report		1 Quarterly S56 Report Annual S56 Report		1 Quarterly S56 Report Annual S56 Report		1 Quarterly S56 Report Annual S56 Report		Target met	4 Quarterly reports on Performa nce Reviews for section 56 Manager s analyzed and signed off	Reports	OFFICE OF MUNICIPAL MANAGER	
		OTID1.6: Quarterly reports on Internal Audit three-year rolling strategic plan analysed and signed off	4 Quarterly IA Reports Annual IA Report	4 Quarterly IA Reports Annual IA Report	0	1 Internal Audit Report Annual IA Report	0	1 Internal Audit Report	0	1 Internal Audit Report	0	1 Internal Audit Report	0	Target met	4 Quarterly IA Reports Annual IA Report compiled and available	Reports		

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets								
			BASELINE	2015/16		Q1	Q2	Q3	Q4								
		OTID1.7: Quarterly reports on implementation of Administrative Delegations of Authority analysed and signed off	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	0	1 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	0	1 Quarterly Administrative Delegations Reports	0	1 Quarterly Administrative Delegations Reports	0	1 Quarterly Administrative Delegations Reports	0	Target met	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report analysed and signed off	Reports	
		OTID1.8: Quarterly reports on implementation of Financial Delegations of Authority analysed and signed off	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	0	1 Quarterly Financial Delegations Report Annual Financial Delegations Report	0	1 Quarterly Financial Delegations Report	0	1 Quarterly Financial Delegations Report	0	1 Quarterly Financial Delegations Report	0	Target met	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report analysed and signed off	Reports	
		OTID1.9: Monthly	12 Monthly Reports	12 Monthly	0	3 Monthly Reports	0	3 Monthly	0	3 Monthly	0	3 Monthly Reports	0	Target met	12 Monthly	Reports	2015/16

IDP REF NO.					KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT								ONE YEAR INSTITUTIONAL SCORECARD 2015/16					MEANS OF VERIFIC ATION	
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets										
			BASELINE	2015/16		Q1		Q2		Q3		Q4							
		reports on Audit (AG) Action Plan analysed and signed off		Reports				Reports		Reports					Reports compiled				
OTID2	Promote integrated development planning in the Municipality	OTID2.1: Adopted IDP and Budget process and time schedule	Adopted IDP and Budget process and time schedule	Adopted IDP and Budget process and time schedule	R 1000.00	Adopted IDP and Budget process and time schedule	R1000.00	-			R0.00	-		Target met IDP and Budget process and time schedule adopted		IDP and Budget Schedule			
		OTID2.1: Community consultation on the development, implementati on and performance of the IDP coordinated	4 meetings	6 Consultat ions	R3000.00	2	R1000.00	1	R500.00	1	R500.00	2	R1000.00	Target exceeded	This was due to extensive budget and IDP consultat ion and individual organisat ion consultat ions	Notices & Invitations			
		OTID2.3: Reviewed IDP annually and adopted according to applicable prescripts	1 Reviewed IDP	Reviewed IDP	R60 000. 00	-	R10 000. 00	- R10 000. 00		- R10 000. 00		Reviewed IDP R30 000.00		Target met 1 IDP reviewed and adopted		Reviewed IDP			
		OTID2.4: 2015/16 SDBIP tabled	Approved SDBIP	Adopted SDBIP	R1000.00	Adopted SDBIP	R0.00	- R0.00		- R0.00		- R1 000.00		Target met SDBIP		Adopted SDBIP			

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
		and approved according to applicable prescripts												approved timeously			
		OTID2.5: Report on the credibility of IDP annually assessed by COGTA analysed	Score of HIGH	COGTA IDP Assessment Report	R0.00	COGTA IDP Assessment Report	R0.00	- R0.00		- R0.00		- R0.00		Target met IDP found to be credible by COGTA		Report	
		OTID2.6: Alignment of the 5-year scorecard, 1-year scorecard and operational plans of the directorates	Non-aligned scorecards and operational plans	Aligned 5YR & 1YR Scorecards Operational Plan	R0.00	-	R0.00	- R0.00		- R0.00		Aligned 5YR & 1YR Scorecards Operational Plan	R0.00	Target met		Scorecards	
		OTID2.7: No. of reports submitted to Council and its structures (according to applicable legislation) on performance achieved with the implementation of scorecards	4 Reports	6 Reports	R0.00	1 Quarterly performance report 1 Annual Report	R0.00	1 Quarterly report	R0.00	1 Quarterly Report 1 Mid-year Report	R0.00	1 Quarterly Report	R0.00	Target met 6 Reports compiled		Reports	OFFICE OF MUNICIPAL MANAGER
OTID3	Establish	OTID3.1:	PMS	Policy	R0.00	1	R0.00	1	R0.00	Doing	R0.00	Policy		Target met		PMS Policy	

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget								Quarterly Targets				
			BASELINE	2015/16			Q1		Q2		Q3		Q4				
	performance measurement and reporting mechanisms against IDP and SDBIP	PMS Policy reviewed and adopted	Framework	developed and adopted.							research on the policy.		developed, workshoped and adopted R0.00		PMS Policy developed and adopted		
		OTID3.2: M&E Policy developed and adopted	Nil	M&E policy developed and adopted.	R50.000	Terms of reference developed	R0.00	Policy developed and adopted					R0.00		Target not met	This is due to non-availability of funds	M&E Policy
		OTID3.3: A Municipal Performance Plan in place	Performance Plan in Place	Performance plan developed and adopted.	R0.00	-	R0.00	-	R0.00	Consultation Session	R0.00	Municipal Performance Plan adopted	R0.00	Target met	Performance plan in place and adopted		Municipal Performance Plan
		OTID3.4: PMS Framework in place and cascaded to Supervisory and Management levels	S57 and 56 Managers	PMS Framework reviewed and a plan to cascade in place	R0.00	-	R0.00	- R0.00		Score cards be developed and submitted to Council R0.00		A plan to cascade the PMS be developed, workshoped and be submitted to Council for noting. R0.00		Target not met	Management could not get buy-in from organised labour but talks are ongoing		PMS Framework
		OTID3.5: Supervisors' and Managers'	Nil	Reviewed Performance agreeme	R0.00	-	R0.00	- R0.00		Process of developing		Performance agreements and plans		Target not met	Will be concluded once an agreeme		Performance agreements

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
		Performance Agreements and Plans developed		nts and plans for Supervisors and Managers in place and implemented						agreements and plans for both the managers and supervisors started R0.00		developed and signed by the managers and supervisors and submitted to Council for noting R0.00			not has been reached with organised labour		
		OTID3.6: Municipal quarterly, mid-year and annual performance reports compiled according to applicable prescripts	6 Reports	6 Reports		1 Quarterly performance report 1 Annual Performance report		1 Quarterly Report 1 Annual Report		1 Mid-year Report		1 Quarterly Report		Target met 6 Reports compiled		Reports	OFFICE OF MUNICIPAL MANAGER
		OTID3.7: Quarterly validation of performance information performed by Internal Audit	Validation Performed	4 Quarterly IA Validated Performance Information Reports		Quarterly IA Validated Performance Information Report		Quarterly IA Validated Performance Information Report		Quarterly IA Validated Performance Information Report		Quarterly IA Validated Performance Information Report		Target met	4 Quarterly IA Validated Performance Information Reports	Reports	

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget												
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
OTID4	Ensure provision of an efficient and effective HRM service delivery enhancement through advisory and administrative support systems	OTID4.1: % of the people employed must comply with the targets set in Employment Equity Plan for designated groups		60%		-		-		-		60%		Target met		Reports	
		21.1 % of Municipal employees capacitated in order to enhance service delivery		Submission		-		-		Developed WSP		Submission		Target met	WSP is in place and is implemented		

IDP REF NO.					KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT								ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION	
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets									
			BASELINE	2015/16		Q1		Q2		Q3		Q4						
		y																
		OTID4.2: Increased employee wellness activities		Framewo rk in Place with six wellness program mes	R117 200	One employee wellness programme	R 10 000	Two employe e wellness program me	R 57 000	One employe e wellness program me	R 10 000	Two employee wellness programme	R 40 000	Target exceeded		Attendance registers, Framework and report	CORPORATE SERVICES	
		OTID4.3: % of Municipal employees capacitated in order to enhance service delivery		Submissi on of WSP by the due date	R 11 700	Submission of Reports	R 200	Submissi on of Reports	R 200	Develope d WSP	R 9000	Submission	R 2300	Target met	WSP has been submitte d by the due date	WSP		
		OTID4.4: Measures maintaining sound employment relations according to collective agreement in place		12 Local Labour Forum Meetings	R400	3 Local Labour Forum Meetings	R100	3 Local Labour Forum Meetings	R100	3 Local Labour Forum Meetings	R100	3 Local Labour Forum Meetings	R100	Target met	12 Local Labour Forum meetings have seat	Agendas Minutes		
		OTID4.5: Measures improving safe and	No health and Safety Committee	4 Health and safety	R600	One Health and satety committee	R150	One Health and	R150	One Health and	R150	Health and safety committee	R150	Target met		Agendas Minutes		

CORPORATE SERVICES

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget					Quarterly Targets							
			BASELINE	2015/16		Q1	Q2		Q3		Q4						
		healthy working environment in place	in place	committe e meetings		meeting		safety committe e meeting		safety committe e meeting		meeting					Flyers
		OTID4.6: Personnel structure aligned to legal requirements and strategic objectives	Organogram not aligned to institutional objectives	Reviewed Structure	R150	0	0	Submission on co-ordination by Directorates	R30	Consultation with organised Labour	R60	Reviewed structure aligned with strategic objective approved by Council	R60	Target met	The municipality has reviewed its organogram in line with its objectives	Reviewed Structure	
		OTID4.7: Revised Annual HR Plan in place	HR plan in place	Revised HR Plan	R100	Implementation of the HR Plan adopted in the last Financial year	0	Implementation of the HR Plan adopted in the last Financial Year	0	Revised Draft HR Plan	R50	HR Plan to Exco for Approval	R50	Target met		HR Plan	
		OTID4.8: HR Strategy Framework with updated HR policies in place		12 HR Policies and HR Framework	R100	-	0	-	0	Audit HR Policies	R50	Framework developed and 3 Approved or Reviewed	R50	Target met	12 HR policies have been developed and adopted	HR Strategy Framework HR Policies	CORPORATE SERVICES

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
												policies					
		OTID4.9: Mechanisms for Job Evaluation put in place	No mechanism for job evaluation	Framework in place	R160 000	0		-		Draft Job Evaluation Framework		Job Evaluation Framework adopted by Council		Target met	Job evaluation mechanism in place and is implemented	Job Evaluation Framework Reports	
		OTID4.10: No. of external training and development opportunities created		30 training and development opportunities	R140 000	3%	R5000	0%	R15 000	6%	R110 000	1%	R10 000	Target met	People are continuously trained and capacitated	Reports	
OTID5	Ensure provision of efficient administration and effective support service	OTID5.1: Mechanisms for rendering a Secretariat Services to Council and its committees maintained		Council Notices issued 7 days before meeting 8 Council and EXCO Resolution Matrix developed 4 Council Meetings	R 473 500	Council Notices issued 7 days before meeting 2 Council and EXCO Resolution Matrix developed 1 Council Meeting 1 EXCO Meeting	R150 000	Council Notices issued 7 days before meeting 2 Council and EXCO Resolution Matrix developed 1 Council Meeting	R100 000	Council Notices issued 7 days before meeting 2 Council and EXCO Resolution Matrix developed 1 Council Meeting	R110 000	Council Notices issued 7 days before meeting 2 Council and EXCO Resolution Matrix developed 1 Council Meeting 1 EXCO Meeting	R113 500	Target and exceeded	Council Notices are issued 7 days before meeting 8 Council and EXCO Resolution Matrix developed 4 Council	Council Notices Resolution Matrix Agendas Minutes Reports	

IDP REF NO.					KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT								ONE YEAR INSTITUTIONAL SCORECARD 2015/16					MEANS OF VERIFIC ATION	
	Objective	Key Performance Indicator		Annual Targets	Annual Budget					Quarterly Targets									
			BASELINE	2015/16		Q1		Q2		Q3		Q4							
				4 EXCO Meeting Annual 40 Ward Committ ee meetings		10 Ward Committee meetings		1 EXCO Meeting 10 Ward Committ ee meetings		1 EXCO Meeting 10 Ward Committ ee meetings		10 Ward Committee meetings			Meetings 4 EXCO Meeting Annual 40 Ward Committ ee meetings Council meetings exceed the target due to additiona l Special Council meetings				
		OTID5.2: Implementati on Plan for a Records Management System in place		Integrate d Policy Approve d	R 66 000	SLA signed for the System	R4000	Customer care Training on IMIS	R 40 000	Putting an effective and efficient Electroni c System in place in order to achieve a File Plan that adheres to the National	R 22 000	Report to the Executive Committee on Progress Made.		Target met	The municipal ity uses IMIS for records manage ment	Reports	CORPORATE SERVICES		

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
										Archives Act.							
		OTID5.3: Number of ventures increasing public access to libraries and information services		4 Library Committ ee per year. 18 annual Awarene ss Campaig ns	R 8500 R226 000	1 library committee meeting 8 Awareness campaigns	R2150 R20 000	1 library committe e meeting 4 Awarene ss campaign s	R2100 R 50 000	1 library committe e meeting 4 Awarene ss campaign s	R2150 R100 000	1 library committee meeting 4 Awareness campaigns	R2100 R56 000	Target exceeded	Over and above the set target Librarian s go out to communi ties and schools to undertak e library awarenes s campaign s	Reports Agendas Minutes	CORPORATE SERVICES
		OTID5.4: Increase number of existing Libraries		1 Additiona l Library	R 2 008 000	Source Funding	R 0	Ensure availabilit y of Funding	R 3000	Appoint ment of Consulta nt to develop library specificat ion	R505 000	Start procureme nt process	R 1500 000	Target met	I additiona l library in Alexandri a has been complete d	Reports	
		OTID5.5: Maintenance Plan for		Maintena nce Plan in Place	R 73 000	-		-	R 50 000	-	R 20 000	Audit halls, Develop	R 3000	Target met	Maintena nce Plan	Maintenan ce Plan	

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget								Quarterly Targets				
			BASELINE	2015/16			Q1		Q2		Q3		Q4				
		municipal buildings and community facilities in place										draft and ensure adoption				is in place and operationalised	
OTID6	Maximise use of Information and Communication Technology (ICT)	OTID6.1: ICT Implementation Plan (Master Systems Plan) in place	No ICT Implementation Plan	Implement initiatives per plan and amend plans as needs arise		-		-		Draft plan approved by Council		Implement initiatives per plan				ICT Implementation Plan	OFFICE OF MUNICIPAL MANAGER
		OTID6.2: ICT Operational Plan in place and implemented	Steering committee in place	4 meetings of IT Steering Committee held		1 IT Steering Committee meeting		1 IT Steering Committee meeting		1 IT Steering Committee meeting		1 IT Steering Committee meeting		Target met	Steering Committee meetings sit quarterly	ICT Operational Plan	
		OTID6.3: SCOA Implementation Plan in place and implemented	No SCOA Implementation Plan	Approved SCOA Implementation Plan		Committee meeting to evaluate progress and reporting on progress		Committee meeting to evaluate progress and reporting on progress		Committee meeting to evaluate progress and reporting on progress		Committee meeting to evaluate progress and reporting on progress		Target met	SCOA Implementation Plan is in place and committee meetings sit as per schedule	SCOA Implementation Plan	

IDP REF NO.					KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT								ONE YEAR INSTITUTIONAL SCORECARD 2015/16					MEANS OF VERIFIC ATION	
	Objective	Key Performance Indicator		Annual Targets	Annual Budget					Quarterly Targets									
			BASELINE	2015/16		Q1		Q2		Q3		Q4							
OTID7	Contribute to the creation of an enabling environment with clear regulatory framework for implementation of gender and social developmental programmes	OTID7.1: Established channels for mainstreaming transversal issues for designated groups through Special Programmes throughout the Municipality	2	SPU Policy developed and adopted	R0.00	-	R0.00	-		Policy on SPU research and developed.		Policy submitted to Council for consideration and adoption.					Reports SPU Policy		
		OTID7.2: Creation of socio-economic opportunities accommodating all the designated groups	Forums in place but defunct	Revived and Functional Forums		-	R0 00			Revive youth and women's for a		R0. 00					Reports		
			5	Institutionalised days	R110000	Mandela Day and womens month	R30 000	Disability and elderly month 20 000		Human rights day R10 000		Youth Month R50 000							
		OTID7.3: No. of Programmes to minimise the socio-economic	4	4 Programmes	R90 000	1 sexual transmitted infections awareness programme	R10 000	Awareness programme on crime against		Awareness on TB defaulters and TB related issues.		Promotion on adherence on HIV/AIDS treatment,	R15 000	Target met	All 4 awareness campaigns were conduct	Reports			

IDP REF NO.			KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										ONE YEAR INSTITUTIONAL SCORECARD 2015/16				MEANS OF VERIFIC ATION
	Objective	Key Performance Indicator		Annual Targets	Annual Budget				Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4					
		impact of HIV/AIDS in place						women and children and a Program me on World AIDS day 50 000		R15 000		of Voluntary Counselling and testing counselling on infected and affected					
		OTID7.4: No. of programmes implemented to support sports, arts and culture	1	3 program mes	R140000. 00		R20 000. 00	R50 000. 00		R35 000. 00		R35 000.00					Reports
		OTID7.5: No. of moral regeneration programmes facilitated amongst municipal communities	3	2 program mes		-		-		Facilitate annual general meeting of the moral regenera tion structure . R5 000		A workshop for the newly revived structure to get clarity on roles and to come up with clear programme	R10 000				Reports

OFFICE OF MUNICIPAL MANAGER

IDP REF NO.							ONE YEAR INSTITUTIONAL SCORECARD 2015/16										MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
							KPA3: LOCAL ECONOMIC DEVELOPMENT											
	Objective	Key Performance Indicator		Annual Targets						Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4						
LED1	Promote and support enterprise development to stimulate economic growth and development that will result in the creation of jobs	LED1.1: Draft Enterprise Development Strategy and plan in place	Nil	1	85 000	Develop ment of ToR for the SMME strategy	0	Hold I consultat ive meeting with local enterpris es	35 000	Drafting of the strategy	50 000	Submission of the strategy to Council	0			Draft Enterprise Developme nt Strategy	OFFICE OF MUNICIPAL MANAGER	
		LED1.2: Measures implemented against targets set in Draft Enterprise Development Strategy	Nil	100%	0	-	-	-	-	-	-	-	-	Done, will be submitted to the next Council for adoption	Business proposals submitted for various development enterprises	Reports		
LED2	Promote and support agricultural development to stimulate economic growth and development that will result in the creation of jobs	LED2.1: Agricultural Development Strategy and plan in place	Nil	1	85 000	Develop ment of ToR for the Agricultu ral Develop ment strategy		Hold I consultat ive meeting with local enterpris es	35 000	Drafting of the strategy	50 000	Submission of the strategy to Council	0	Due to lack of capacity, plan and strategy process has been recently started. To be submitted to Council before year end		Agricultural Developme nt Strategy		
		LED2.2: Measures implemented for agricultural development against targets set in Agricultural Development	Nil	100%	-	-	-	-	-	-	-	-	-	Have been able to secure farms for Agri-village at Shaw Park. Identified pockets of land for emerging farmers		Reports		

IDP REF NO.							ONE YEAR INSTITUTIONAL SCORECARD 2015/16										MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
							KPA3: LOCAL ECONOMIC DEVELOPMENT											
	Objective	Key Performance Indicator		Annual Targets						Quarterly Targets								
			BASELINE	2015/16		Q1		Q2		Q3		Q4						
		Plan												application submitted to Dept of Rural Development . Provision of inputs to poultry farmers.				
LED3	Maximise the number of people visiting the area as a destination of choice	LED3.1: Tourism Strategy and Plan in place	Nil	1	75 000	Develop ment of ToR for the Tourism strategy plan	0	Hold 1 consultat ive meeting with local enterpris es	35 000	Drafting of the strategy	40 000	Submission of strategy to Council	0			Tourism Strategy and Plan		
		LED3.2: Measure the impact of the tourism strategy and plan against target set in the strategy and plan	Nil	100%	-	-	-	-	-	-	-	-	-	Development of Tourism products, St Andrews Hotel, Port Alfred Music Festival – all have had a huge impact towards the tourism strategy and its implementati on		Reports		
LED4	Ensure a fully functional LED Unit	LED4.1: Plan and budget for an effective LED Unit in place	Proposed organogra m and job description for the unit submitted to HR	2 posts to be filled	-	-	-	1	-	1	-	-	-	Still no filling of posts despite being approved by Council in the organogram		Reports		

IDP REF NO.							ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
							KPA3: LOCAL ECONOMIC DEVELOPMENT										
	Objective	Key Performance Indicator		Annual Targets						Quarterly Targets							
			BASELINE	2015/1 6		Q1		Q2		Q3		Q4					
LED5	Create job opportunities according to government programmes	LED5.1: No of jobs created in accordance with EPWP														Reports	
		LED5.2: No of jobs created in accordance with CWP	430	500	0	0	0	150	0	175		175	-	Done, have received additional allocation		Reports	

IDP REF NO.			ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
	Objective	Key Performance Indicator		Annual Targets		Quarterly Targets							
			BASELINE	2015/16		Q1	Q2	Q3	Q4				
MFVM1	Ensure financial viability of the municipality	MFVM1.1: Improved revenue mechanisms to be implemented according to Municipal systems Act and the Municipal Finance Management	Nil	100%		100%	100%	100%	100%	100% Target met	Draft revenue enhancement strategy in place	Reports	FINANCIAL MANAGEMENT SERVICES
		MFVM1.2: Supplementary valuation rolls, as prescribed by the Municipal Property Rates Act No 6 of 2004, on all improvements to properties, subdivisions and consolidations done in the financial year	Court Approved Valuation Roll	100%		100%	100%	100%	100%	Target met		Supplemen tary valuation rolls Reports	
		MFVM1.3: Measures put in place to obtain a credit rating by independent	Nil	-		-	-	-	-	-	-	Reports	

IDP REF NO.			ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
	Objective	Key Performance Indicator		Annual Targets		Quarterly Targets							
			BASELINE	2015/16		Q1	Q2	Q3	Q4				
		rating agency											
		MFVM1.4: % increase in revenue collection rate	89%	78%		78%	78%	78%	78%	Target exceeded	Service providers appointed and there is improvement in revenue generation	Reports	
		MFVM1.5: % expenditure spent on approved budget	76%	80%		80%	80%	80%	80%	100% Target met	Reports submitted monthly and expenditure is over the 80%	Reports	
		MFVM1.6: Compliance with budget preparation and budget related policies finalisation in accordance with the MFMA	1 Budget	100%		100%	100%	100%	100%	100% Target met	Compliance	Reports	
		MFVM1.7: Number of in year budget performance reports as required by MFMA submitted on time	17 Reports	100%		100%	100%	100%	100%	100% Target met	Monthly and quarterly reports completed and submitted to the relevant stakeholders	Reports	
		MFVM1.8: Compliant budget adjustment approved by council in terms of all legislated requirements by 28th February 2015.	1 Adjustment Budget	100%		100%	100%	100%	100%	100% Target met	The adjustment budget was approved as per legislation	Reports	FINANCIAL MANAGEMENT SERVICES
		MFVM1.9: Positive cash flow management according to MFMA & its regulations maintained	12 Cash flow forecasts	100%		100%	100%	100%	100%	Target met	Daily cash flow reports generated to manage cash flow	Reports	

IDP REF NO.			ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
	Objective	Key Performance Indicator		Annual Targets		Quarterly Targets							
			BASELINE	2015/16		Q1	Q2	Q3	Q4				
		MFVM1.10: % improvement in the implementation of Indigent Policy	10 500 properties	100%		100%	100%	100%	100%	Target exceeded	Additional casuals employed to register and ensure only indigents receive subsidy	Reports	
MFVM2	Ensure that the implementation of Supply Chain Management according to the SCM policy	MFVM2.1: Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA	Nil	100%		100%	100%	100%	100%	Target met	Compliance	Reports	
		MFVM2.2: Standard Operating Procedures operationalised in accordance with SCM policy and legislation.	100%	100%		-	-	100%	100%	Target met		Standard Operating Procedures	
		MFVM2.3: Steps taken to mainstream the implementation of SCM according to the policy and good practice		100%		100%	100%	100%	100%	Target met		Reports	
		MFVM2.4: Procurement Plans monitored in line with the SCM policy.		100%		-	-	100%	100%	Target met		Procurement Plans	
		MFVM2.5: % reduction of irregular expenditure related to procurement documentation in line with legislation and SCM policy		100%		100%	100%	100%	100%			Reports	
MFVM3	Ensure improved sound financial management	MFVM3.1: Annual financial statements that are 100% compliant to GRAP standards as per gazette issued by National Treasury	1 Set of Financial Statements	100%		10%	20%	30%	50%	Target met	Compliance	Reports	
		MFVM3.2:	1 Register	1		15%	15%	20%	50%	Target met	Fruitless and	Reports	

IDP REF NO.			ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
	Objective	Key Performance Indicator		Annual Targets		Quarterly Targets							
			BASELINE	2015/16		Q1	Q2	Q3	Q4				
		Measures in place to monitor and control fruitless and wasteful expenditure									wasteful expenditure now managed by Creditors unit on a daily basis		FINANCIAL MANAGEMENT SERVICES
		MFVM3.3: % increase in the number of finance employees that are competent (SETA certification) on minimum competency levels as regulated.	4 Staff Members	4		-	-	-	4	Target met	BTO interns doing MFMA competency training	Reports	
MFVM4	Maintain and manage all municipal assets	MFVM4.1: % increased budget provision for asset repairs and maintenance.	0.50%	1%		-	-	-	1%	Target not met	This was not met once the budget was cut to minimize percentage increase in rates and tariffs	Reports	
		MFVM4.2: Asset Management System with Fixed Asset Register in place as prescribed by GRAP and the MFMA	1 Asset Register that is GRAP compliant	100%		100%	100%	100%	100%	Target met	PWC was appointed and undertook asset verification	Reports Fixed Asset Register	
		MFVM4.3: % reduction of Stock losses		5%		0	0	0	5%			Reports	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATIONS	RESPONSIBLE DEPARTMENT
		KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
	Objective	Key Performance Indicator		Annual Targets	Quarterly Targets				ACTUAL PERFORMANCE	REASON FOR VARIANCE		
				2015/16	Q1	Q2	Q3	Q4				
GGPP1	Improve public participation and interaction	GGPP1.1: Coalition and Networking Strategy implemented according to Implementation Plan	Nil	1	-	-	-	-	Target not met		Reports	OFFICE OF MUNICIPAL MANAGER
		GGPP1.2: Communication Strategy and Communication Action Plan developed as prescribed in the Systems Act.	I Communic ation Strategy and Plan in place	2		Reviewe d Commu nication Action Plan R0.00			Target met	Communication Strategy and Action plan have been developed and approved by Council	Communication Strategy and Communication Action Plan	
		GGPP1.3: Corporate image improved in line with the corporate branding manual	Nil	1		Corpora te Brandin g R 60 000	0	0	Target met	Municipal offices, cars and employees have been branded with the available budget	Reports	
		GGPP1.4: Presidential Hotline complaints responded to within 48 hours	100%	100%					Target met	All registered complaints are responded to within 48 hours	Reports	
		GGPP1.5: Petitions responded to within 3 days of receipt.	100%	100%					Target met	The municipality even went further to establish a Petitions Committee over and above the Speaker and the Public Participation Manager	Reports	
		GGPP1.6: No. of public participation events	12	12	3 R4 500.00	3 R4 500.00	3 R4 500.00	3 R4 500	Target exceeded	The co-ordinated effort between PPM,	Reports Adverts Attendance Registers	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATIONS	RESPONSIBLE DEPARTMENT
		KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
	Objective	Key Performance Indicator		Annual Targets	Quarterly Targets				ACTUAL PERFORMANCE	REASON FOR VARIANCE		
				2015/16	Q1	Q2	Q3	Q4				
		facilitated								IDP, Communication s and Directors resulted in even more public participation events		
		GGPP1.7: Formal Intergovernmental relations arrangements in place	1	1	100%	100%	100%	100%	Target exceeded	The municipality has an IGR Forum, Communication s Forum and IDP/Budget Representative Forum to foster IGR.	Reports	
		GGPP1.8: Feedback to communities provided as per applicable prescripts	56	96 60 000 50 000	24 15 000 12 500	24 15 000 12 500	24 15 000 12 500	24 15 000 12 500	Target exceeded	There were 40 ward committee meeting spread across all wards, IDP/Budget meetings, Employment database consultation meeting and Council report back meetings	Reports and Newsletters	
		GGPP1.9 No. of functional Ward Committees	10	10	10	10	10	10	Target met	All 10 ward committees are fully functional	Reports	CORPORATE SERVICES
GGPP2	Facilitate capacity development for Councillors	GGPP2.1: % of councillors capacitated	35%	10	-	-	10	-	Target met		Reports	
GGPP3	Promote good corporate	GGPP3.1: A draft strategic	Nil	Draft Strategic	Nil	Nil	Request for	Develop a draft			Draft Corporate Governance Framework	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATIONS	RESPONSIBLE DEPARTMENT
		KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
	Objective	Key Performance Indicator		Annual Targets 2015/16	Quarterly Targets				ACTUAL PERFORMANCE	REASON FOR VARIANCE		
					Q1	Q2	Q3	Q4				
	governance	framework for corporate governance compliance in place		Framework			proposals	document				
		GGPP3.2: Measures put in place for improved oversight role exercised by Council	MPAC in place and functional						Target met	MPAC and Audit and Performance Audit committees are functional	Reports	
		GGPP3.3: Audit (AG) Action Plan in place	Audit Action plan in place	Audit Action Plan	N/A	Develop	Table the draft to AC and Council	Monitor and report on the action plan.	Target met	Audit Action Plan is in place and monitored accordingly	Audit (AG) Action Plan	
		GGPP3.4: Internal Audit three-year rolling strategic plan that is in line with MFMA & Standards for the professional practice of Internal Audit in place	Strategic Plan from the previous year	Approved Internal Audit Plan	Nil	Nil	Draft the IAP for 2015/16 financial Period	Table the Internal Audit Plan to AC and Council	Target met	Internal Audit Plan is in place and implemented	IAP Reports Agendas Minutes	
		GGPP3.5: A Framework for Administrative Delegations of Authority in place as prescribed by the MSA	Nil	Revised framework	-	-	Draft Framework	Revised framework	Target met	Delegations register is in place	Framework for Administrative Delegations of Authority	CORPORATE SERVICES
		GGPP3.6: Roles and Responsibilities Framework in place	Nil	Approved Roles and responsibility Framework	-	-	-	Reviewed roles and responsibilities			Roles and Responsibilities Framework	

IDP REF NO.		ONE YEAR INSTITUTIONAL SCORECARD 2015/16									MEANS OF VERIFICATIONS	RESPONSIBLE DEPARTMENT
		KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
	Objective	Key Performance Indicator		Annual Targets 2015/16	Quarterly Targets Q1 Q2 Q3 Q4				ACTUAL PERFORMANCE	REASON FOR VARIANCE		
		GGPP3.7: A Framework for Financial Delegations of Authority in place as prescribed by the MFMA	Nil								Framework for Financial Delegations of Authority	FINANCIAL MANAGEMENT SERVICES

CHAPTER 4

ORGANISATIONAL DEVELOPMENT

INTRODUCTION TO HUMAN RESOURCE SERVICES

Ndlambe Municipality employs approximately 486 people who currently account for more than 38% of the local municipality's overall budget. It should be understood that people are not only an organisation's most valuable assets, they are the organization. Without them nothing will happen. The staff should be seen and treated as the organisation's customers-it therefore becomes the duty of the municipality to work towards making them successful.

Critical to people management is management of their performance through not only goal setting but also regular performance reviews. Of importance in Human Resource Management is the investment in the training of staff-the more staff know the more value will the municipality be able to add to its customers. The municipality needs to move away from the culture of non-recognition of effort and develop measures and systems to reward achievement and celebrate success.

Lastly the municipality through the Human Resources has to develop mechanisms to measure staff satisfaction, absenteeism and staff turnover so as to ensure that the people management process is working optimally. The effective and strategic management of human resources therefore becomes the cornerstone of the wider transformation of the local public service.

To survive and to remain a key player in sustainable development the municipality thus has to develop measures that will ensure a strategic human resource management approach.

Employees: Human Resources Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Sec 56	1	1	1	0	0
Task Grade 16 - 10	3	1	2	1	

Financial Performance Year 2015/2016: Human Resources Service (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	0	0	0	(9133.21)	9133.21
Expenditure:	0	0	0	0	0
Employees	698777.76	1479008	1479008	343416.41	436813.83
Repairs and Maintenance	0	3200	3200	0	3200
Other	456181.90	937800	877800	130008.32	286089.78
Total operational Expenditure	1145826.45	2420008	2360008	482557.94	726103.61
Net Operational Expenditure	R2300786.11	R4840016	R4720016	R946849.46	R1461340.43

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	31	33	31	2	
Waste water (sanitation)	32	35	32	3	
Electricity	3	3	3	0	
Waste Management	65	66	65	1	
Housing	11	14	11	2	
Waste Water (stormwater drainage)	18	18	18	0	
Roads	69	72	69	3	
Transport	0	0	0	0	
Planning	3	3	3	0	
Local Economic Development	4	6	10	2	
Planning (strategic and Regulatory)	0	0	0	0	
Community and Social Services	57	60	57	3	
Environmental Protection / Health	3	3	3	0	
Sport and Recreation	1	1	1	0	
Corporate Policy Offices and Other	189	200	189	11	
Totals	486				

Vacancy Rate: Year 0			
Designations	Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Post)	3	0	0
Other S57 Managers (Finance Post)	0	0	0

Fire Fighters	12	0	0
Senior Management levels 13 – 15 (excluding Finance Post)	10	2	
Senior Management levels 13 – 15 (Finance Post)	3	0	0
Highly skilled supervision: levels 9 – 12 (excluding Finance posts)	15	0	0
Highly skilled supervision: levels 9 -12 (finance posts)	2	0	0

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year 2015/16	28	26	

COMMENT ON VACANCIES AND TURNOVER:

Most of the terminations during the financial year were due to resignations, deaths, retirements and dismissals.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Council has reviewed and adopted policies including the new ones. The process of policy development is ongoing as the needs may arise with time. It must be noted that the engagement process in consultation with labour at the Local Labour Forum and with the working session with the Councillors in policy development has led to the final adoption of the policies.

The next phase in the policy development is now to workshop staff in all administrative units and consolidate such into municipal employee handbook.

4.2 POLICIES

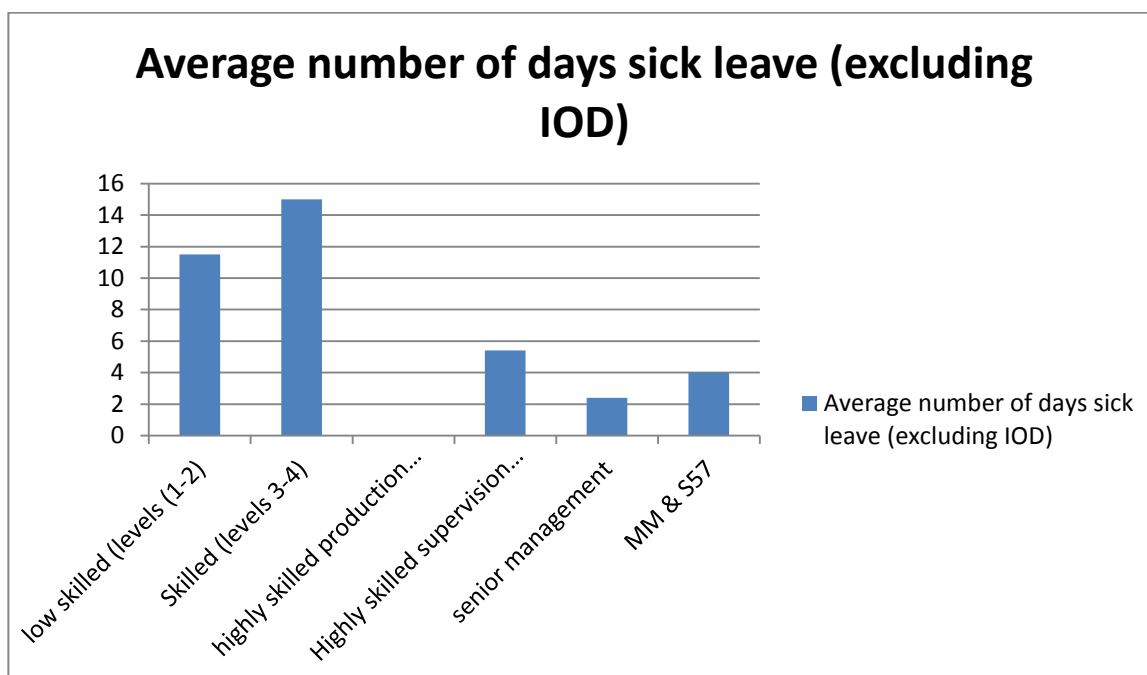
HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Relocation Policy	100		Adopted 27/05/2016
2	Casuals and Contract Workers	100		Adopted 27/05/2016
3	Smoking Policy	100		Adopted 27/05/2016

4	Retention and Scarce Skills Policy	100		Adopted 27/05/2016
5	Recruitment and Selection Policy	100		Adopted 27/05/2016
6	Grievance Policy	100		Adopted 27/05/2016
7	Chronic Illness Policy	100		Adopted 27/05/2016
8	HIV/AIDS Policy	100		Adopted 16/03/2015
9	Human Resources Plan			Adopted 16 /03/2015
10	Study and Capacity Building Policy	100		Adopted 27/05/2016

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of Injury	Injury level taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average injury leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0 %	0	00.00
Temporary total disablement	0	0	0 %	0	00.00
Permanent disablement	0	0	0 %	0	00.00
Total	0	0	0 %	0	00.00

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post*	*Average sick leave per employees	Estimated cost R'000
Lower skilled (levels 1-2)	2990.5	6.7 %	134	166		00.00
Skilled (levels 3-5)	623	3 %	33	279		00.00
Highly Skilled supervision (levels 9 - 12)	1862	3.7 %	75	41		00.00
Senior Management (levels 13 – 15)	67	0%	11	18		00.00
MM and S57	17	0%	1	5		00.00
Total						00.00
* - Number of employees in post at the beginning of the year Salary band						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						



COMMENT ON INJURY AND SICK LEAVE:

The use of injury on duty leave has been low as the injuries sustained during the year were not gross in nature. On the other hand the use of sick leave has proven to be high. There are various reasons to this and they could be ill-health as there are chronic illnesses and also the abuse of sick leave. However, with the recent adoption of the leave policy, it is expected that abuse of leave to be managed more effectively.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality recognises the investment in human capital through capacitation of staff. Annually the Workplace Skills Plan is developed and submitted to the Local Government Seta. The plan contains the capacity building programmes for its Councillors and workforce. During the financial year 2014/15 under review 13 employees and 3 Coaches / Assessors will be attending an NQF Level 3 Water Process Controllers learnership in collaboration with the Department of Water Affairs. This has been a great achievement for the municipality as a Water Service Provider.

Financial Competency Development: Progress Report*						
Description	A. Total Number of officials employed by municipality (Regulations 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials						
Accounting Officer	1		1	1	1	1

Chief Financial Officer	1		1	1	1	1
Senior Managers	4		4	4	4	4
Any other Officials	10					
Supply Chain Management Officials	1					
Heads of supply chain management units	1					
Supply chain management senior managers	0					
Total	17		6	5	6	6

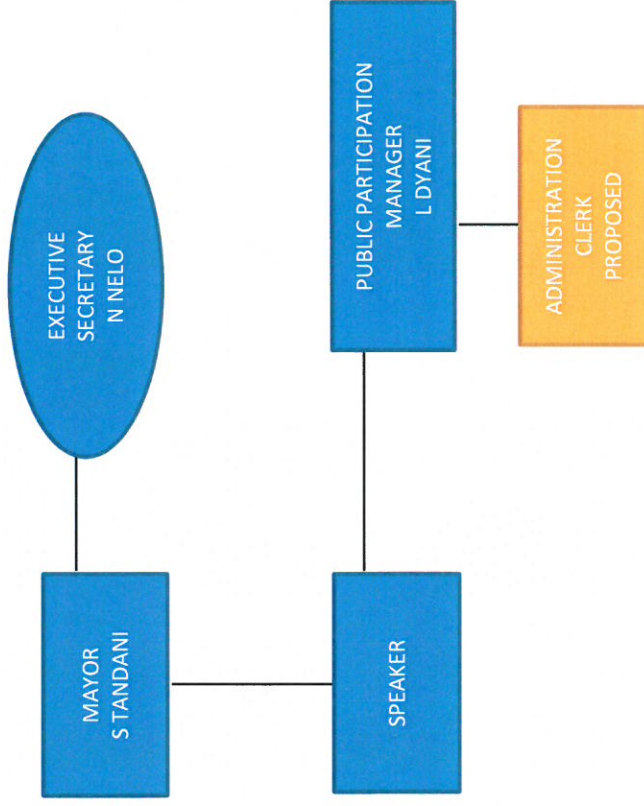
Skills Development Expenditure R445 347.3									
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1						
		No.	Learnerships		Skills programmes & other short course		Other forms of training		
MM & S57	Female	1			1		2		
	Male	1			1		1		
Legislators, senior officials and managers	Female	6			6		4		
	Male	5			5		2		
Professionals	Female	1					1		
	Male	6			4		2		
Technicians and associate professionals	Female	3			3		6		
	Male	2			2				
Clerks	Female	4			4		2		
	Male	2			2				
Service and sales workers	Female	1							
	Male	2							
Plant and machine operators and assemblers	Female								
	Male	2			1		1		
Elementary occupations	Female	3			3				
	Male	12			10		2		
Sub - total	Female	19							
	Male	30							
Total		49							
The total expenditure on training and development is R 360 807.90 LGSETA Grant R 84539.40 Training									

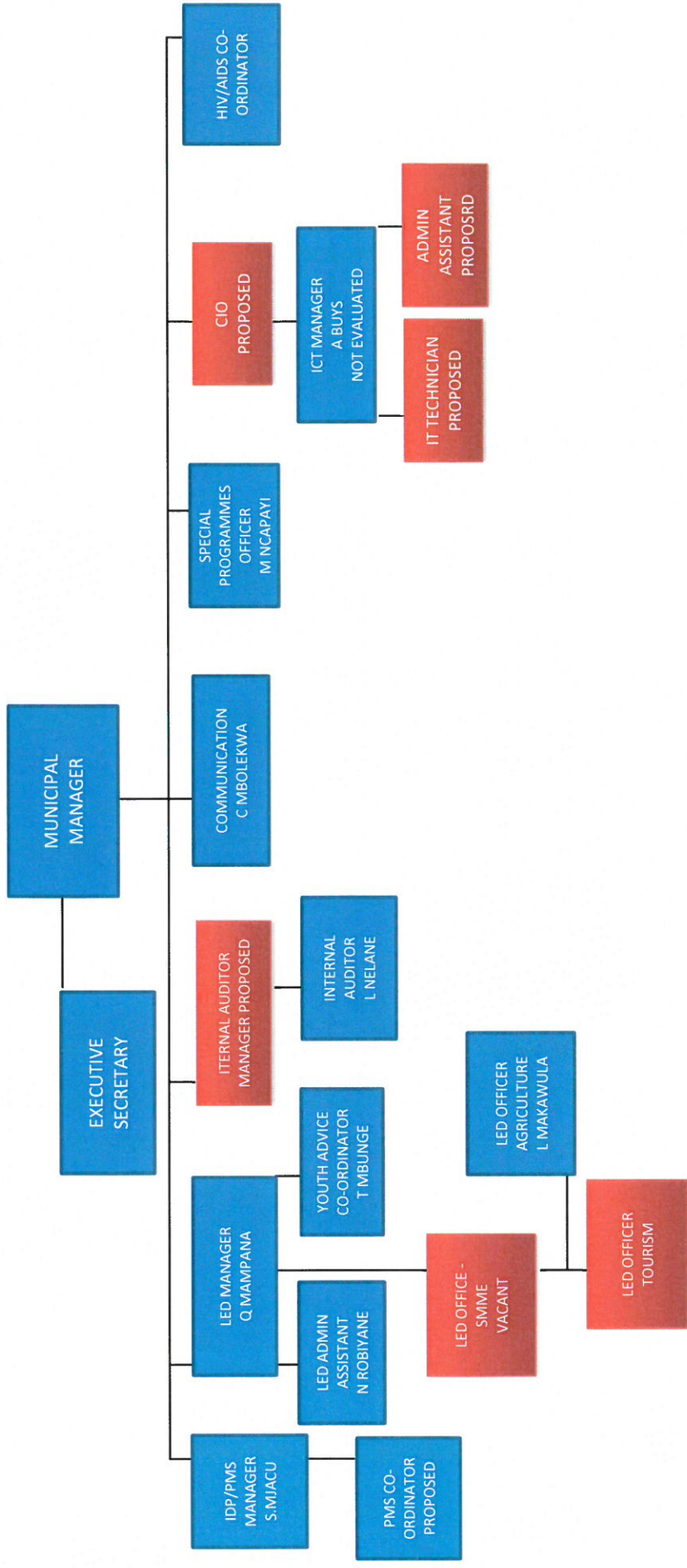
COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

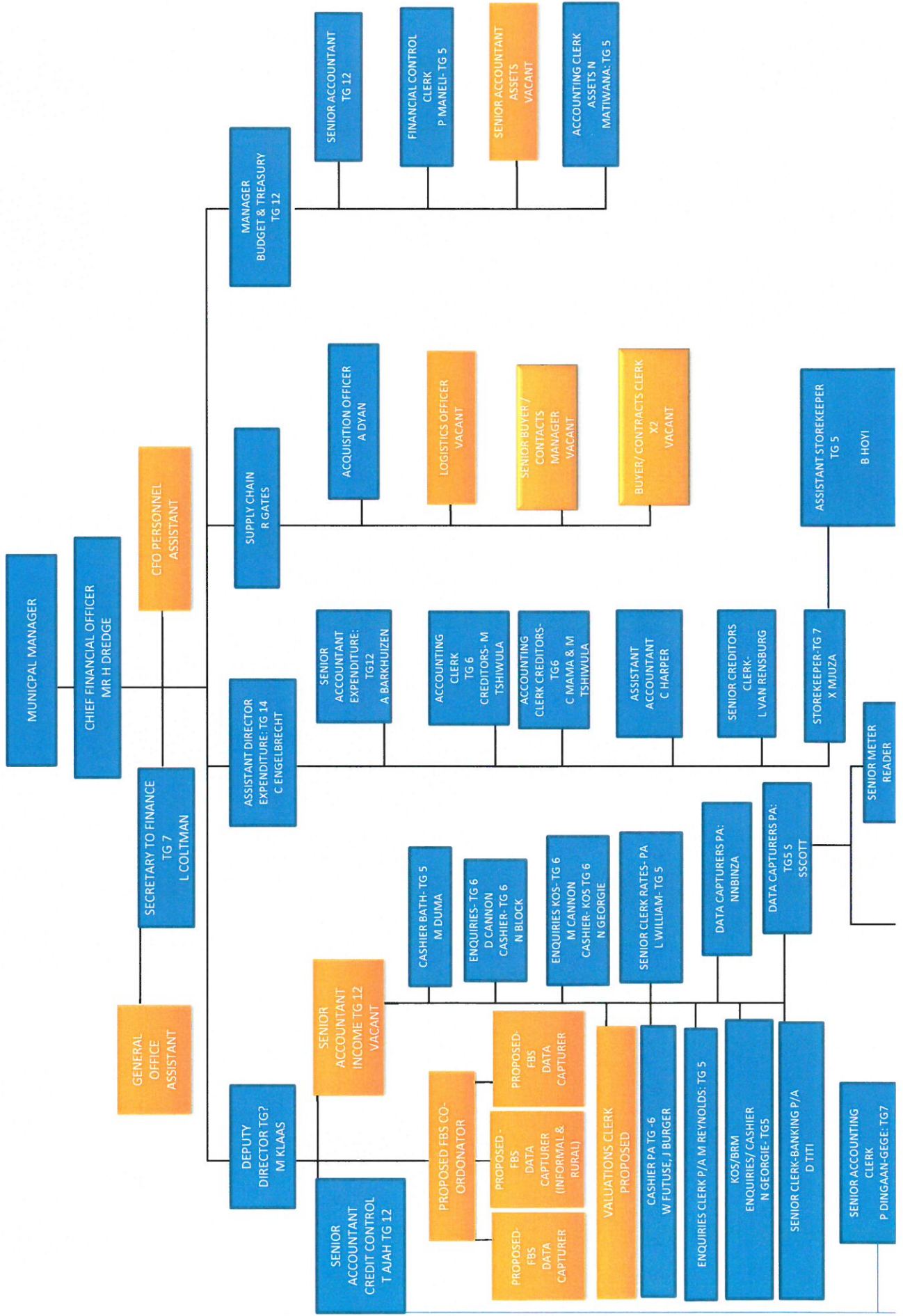
The expenditure on skills development is prioritised according to the needs of the organisation in order to enhance service delivery. All the Head of Departments have attended the financial competency regulations. The municipality also invests on its employees through formal education.

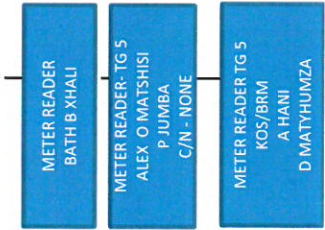
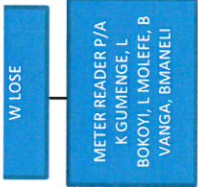
ANNEXURE A

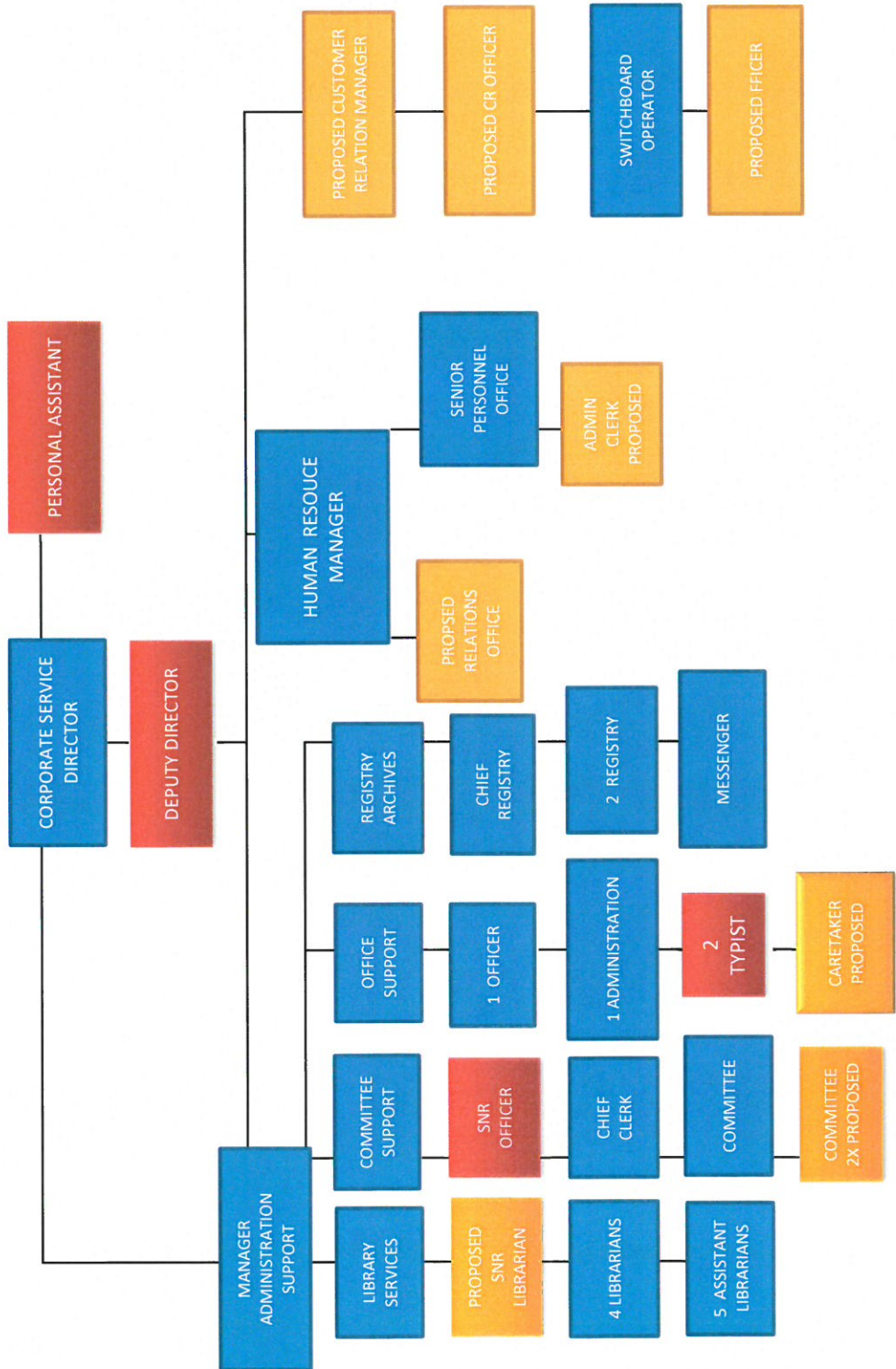
ORGANISATIONAL STRUCTURE

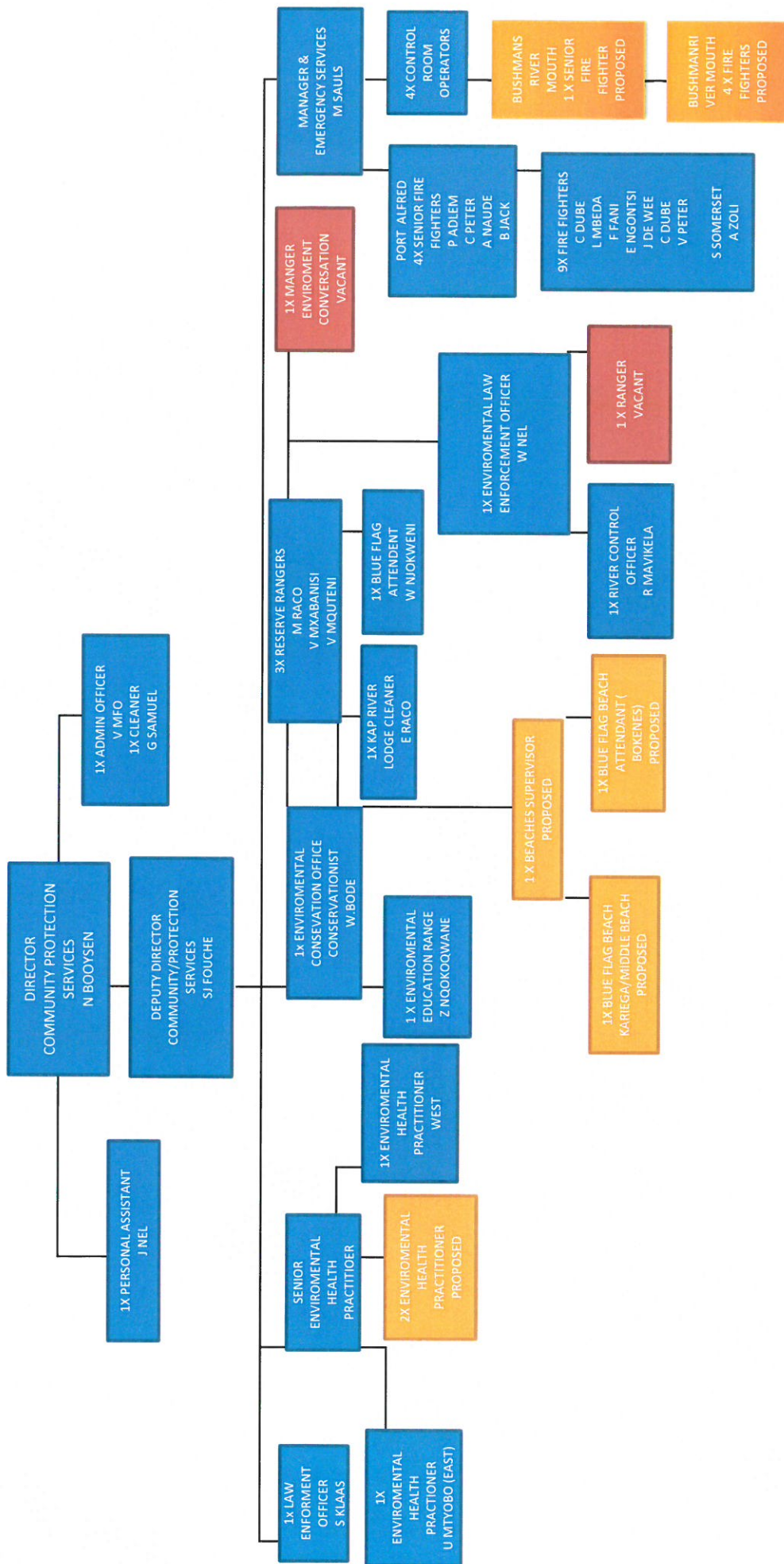


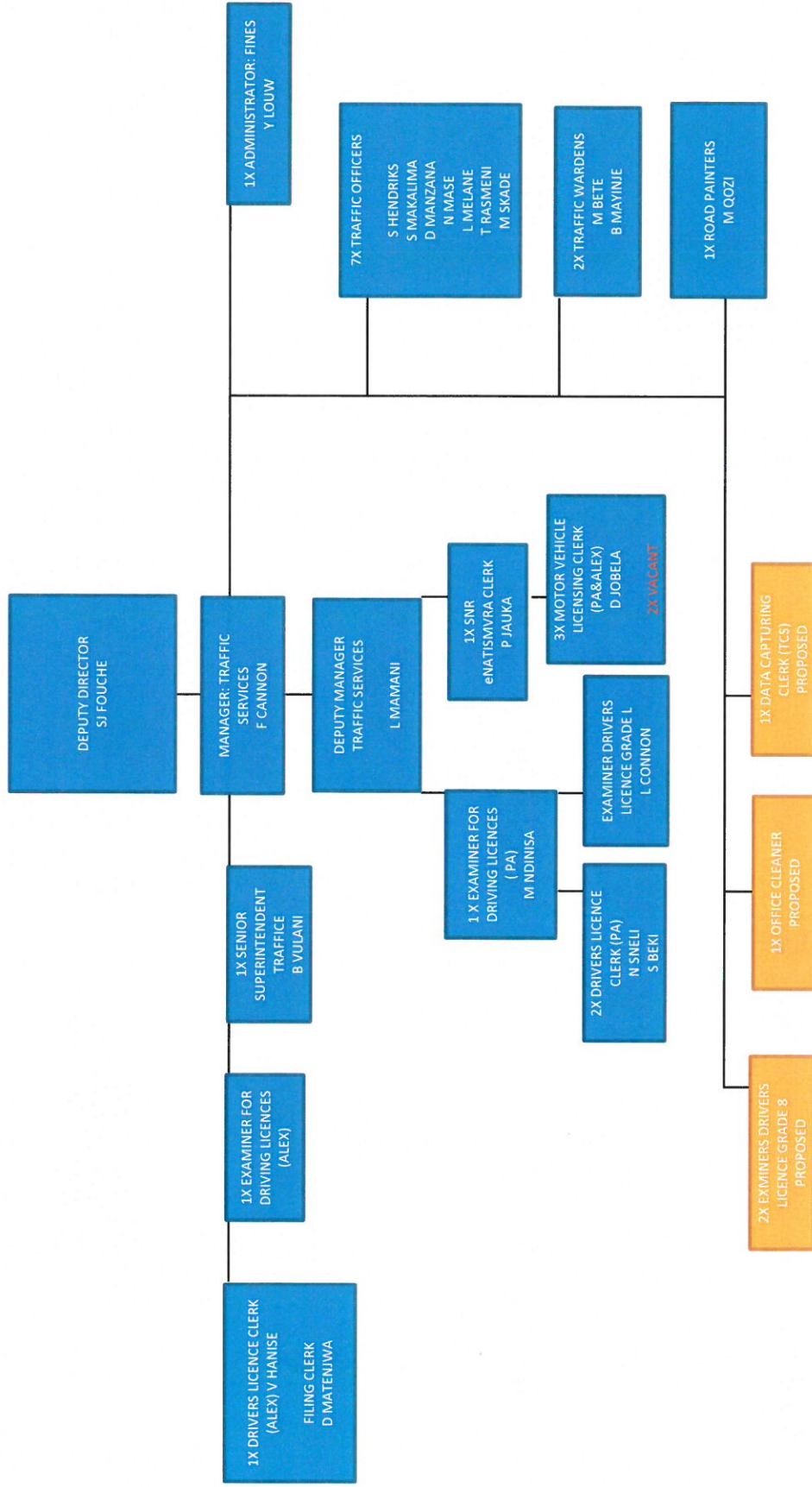


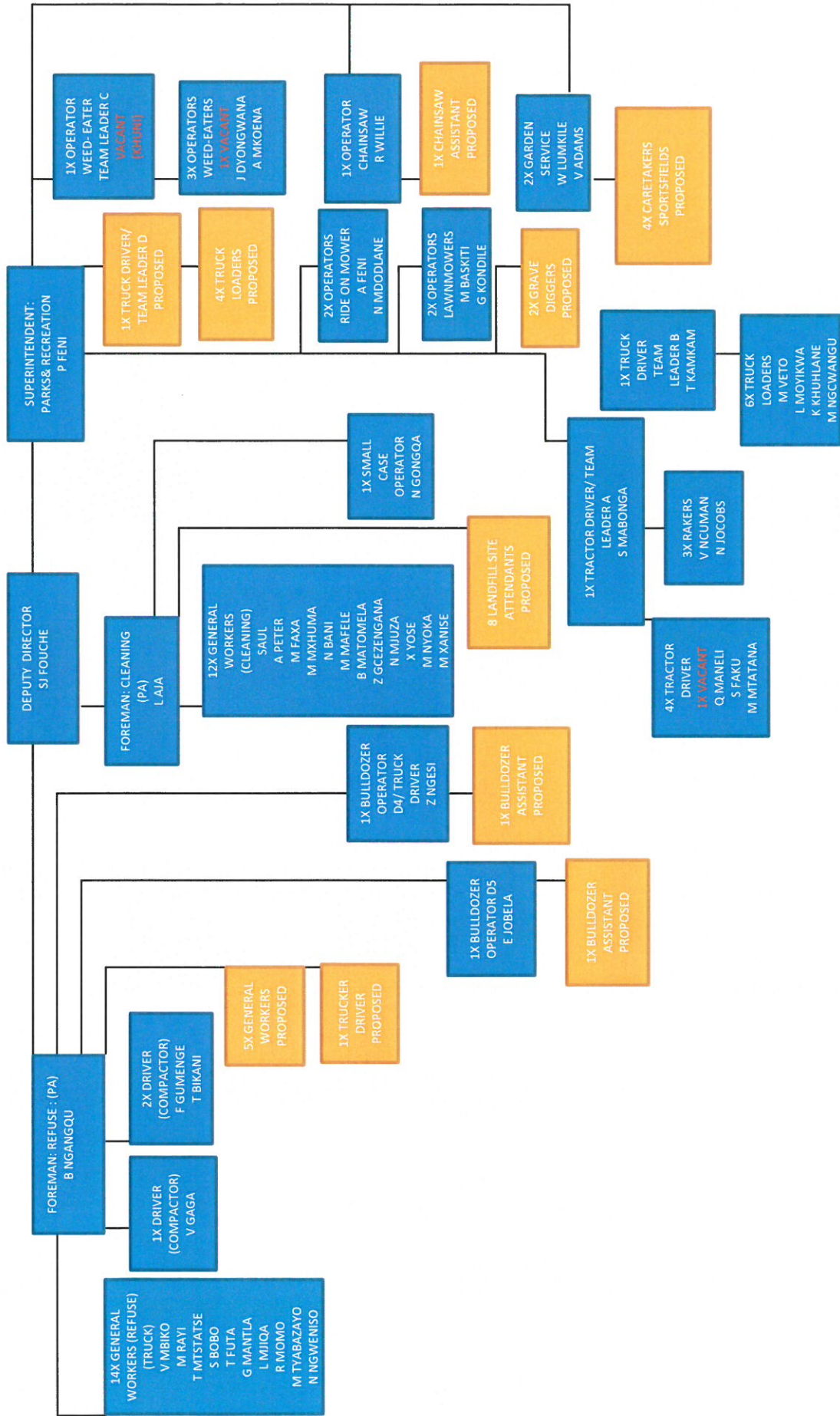


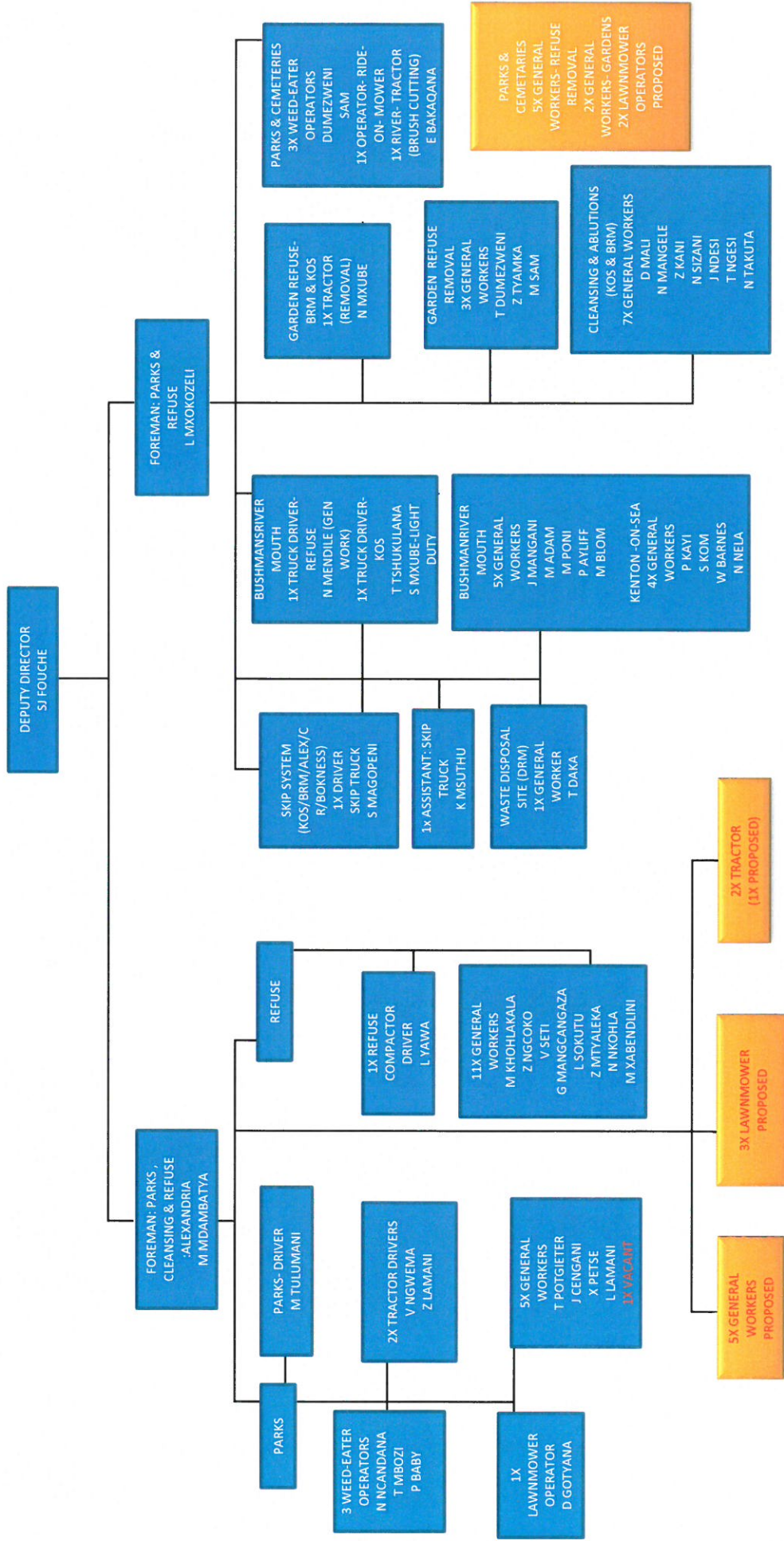


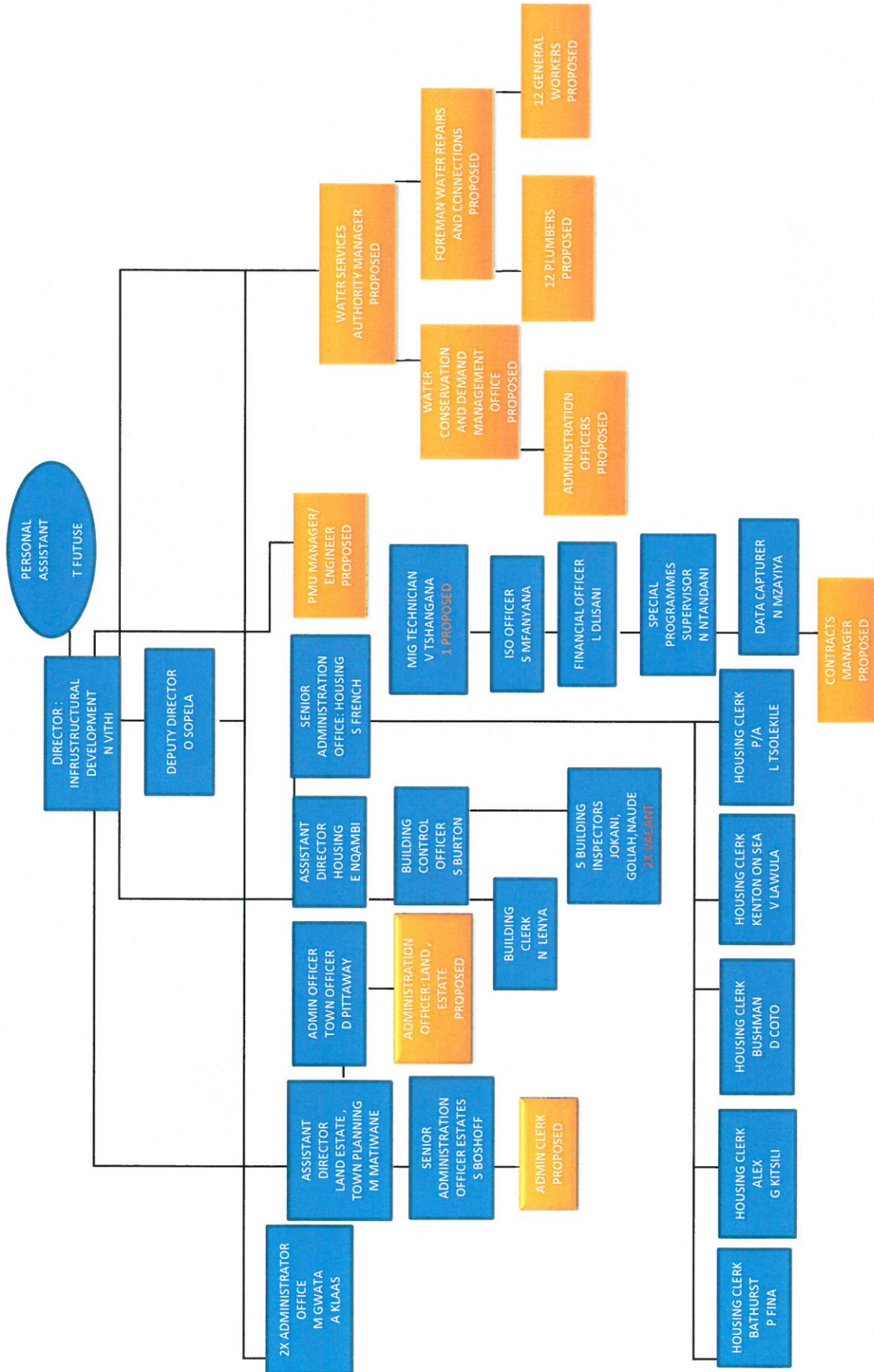


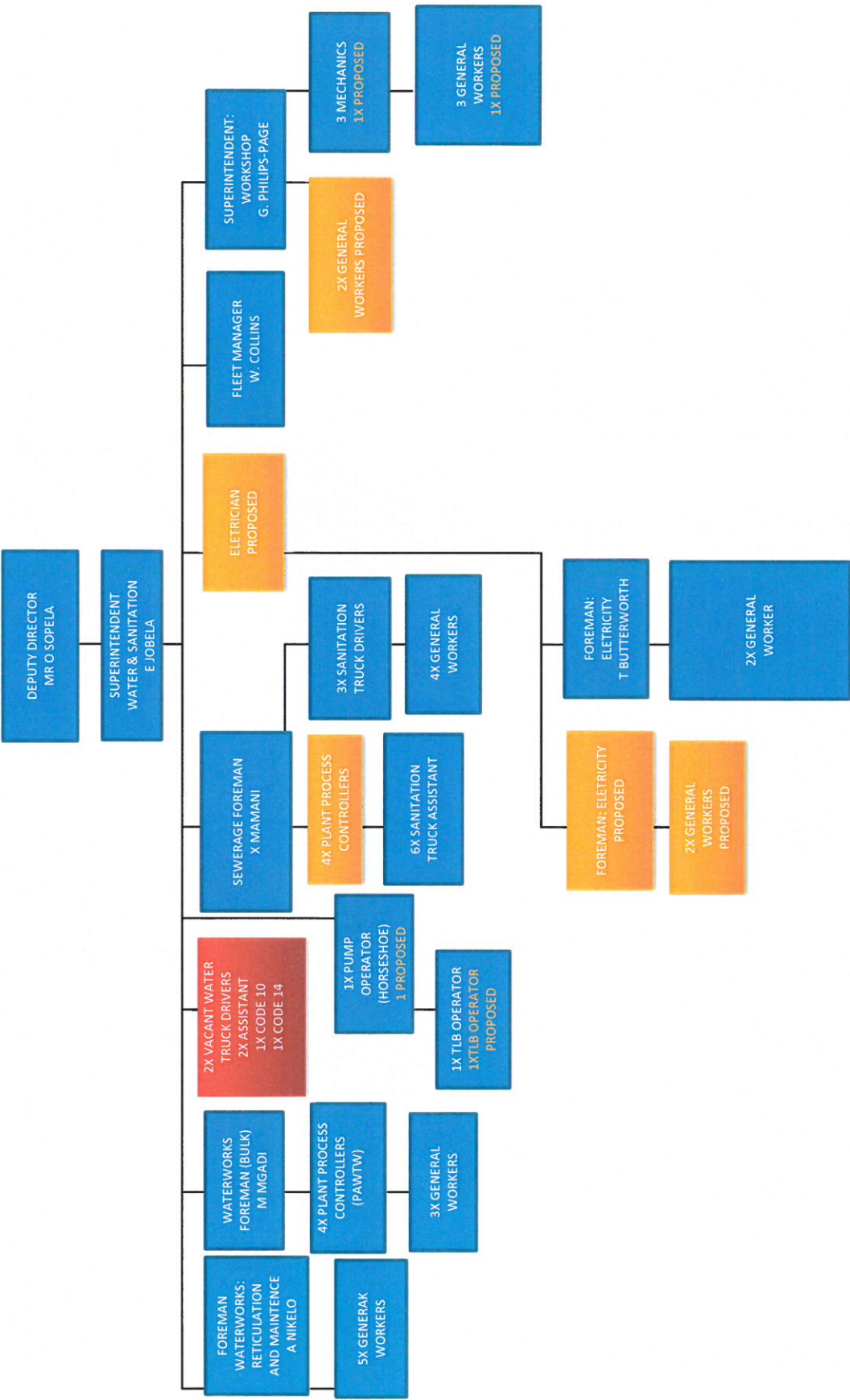


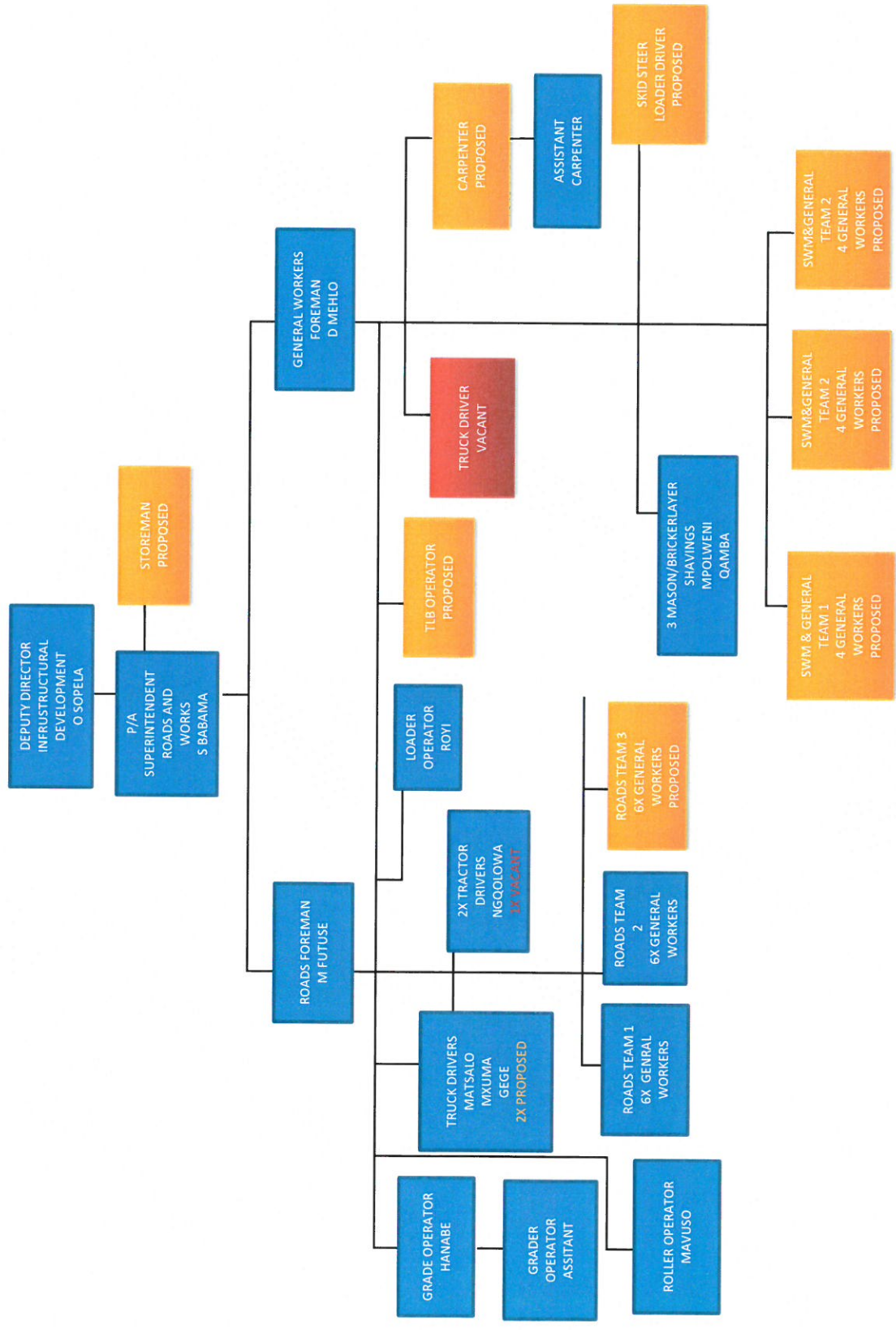


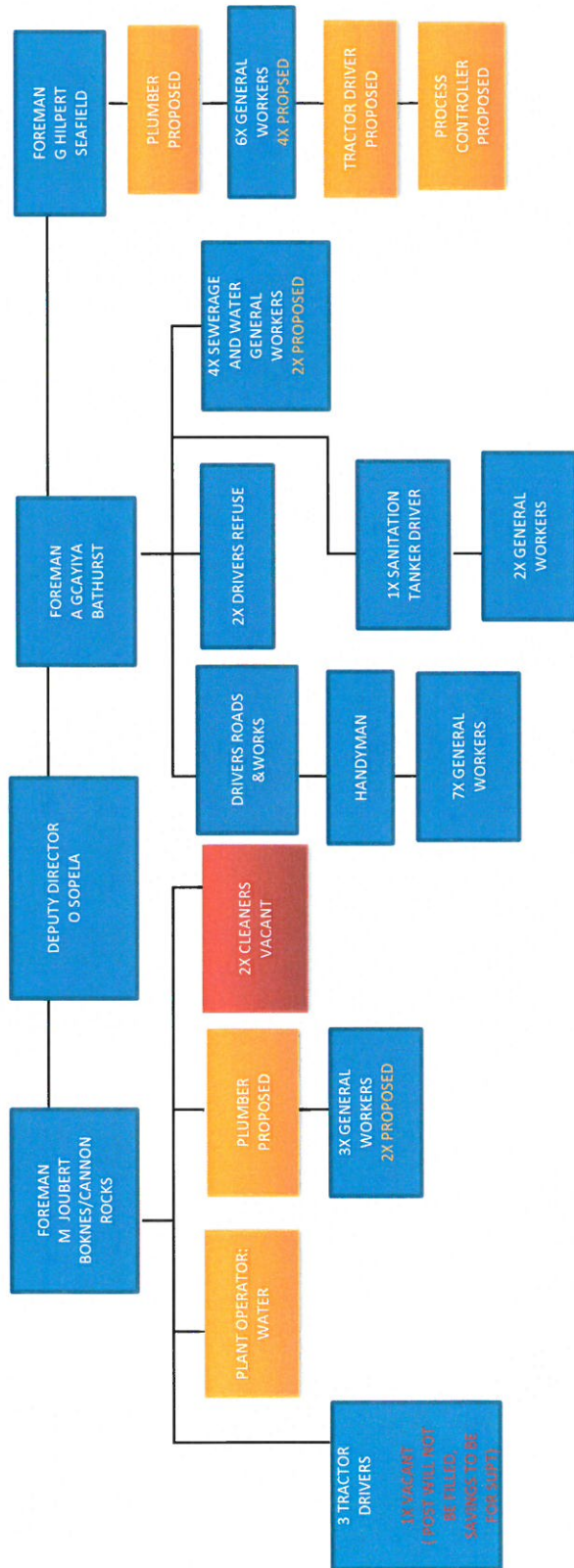


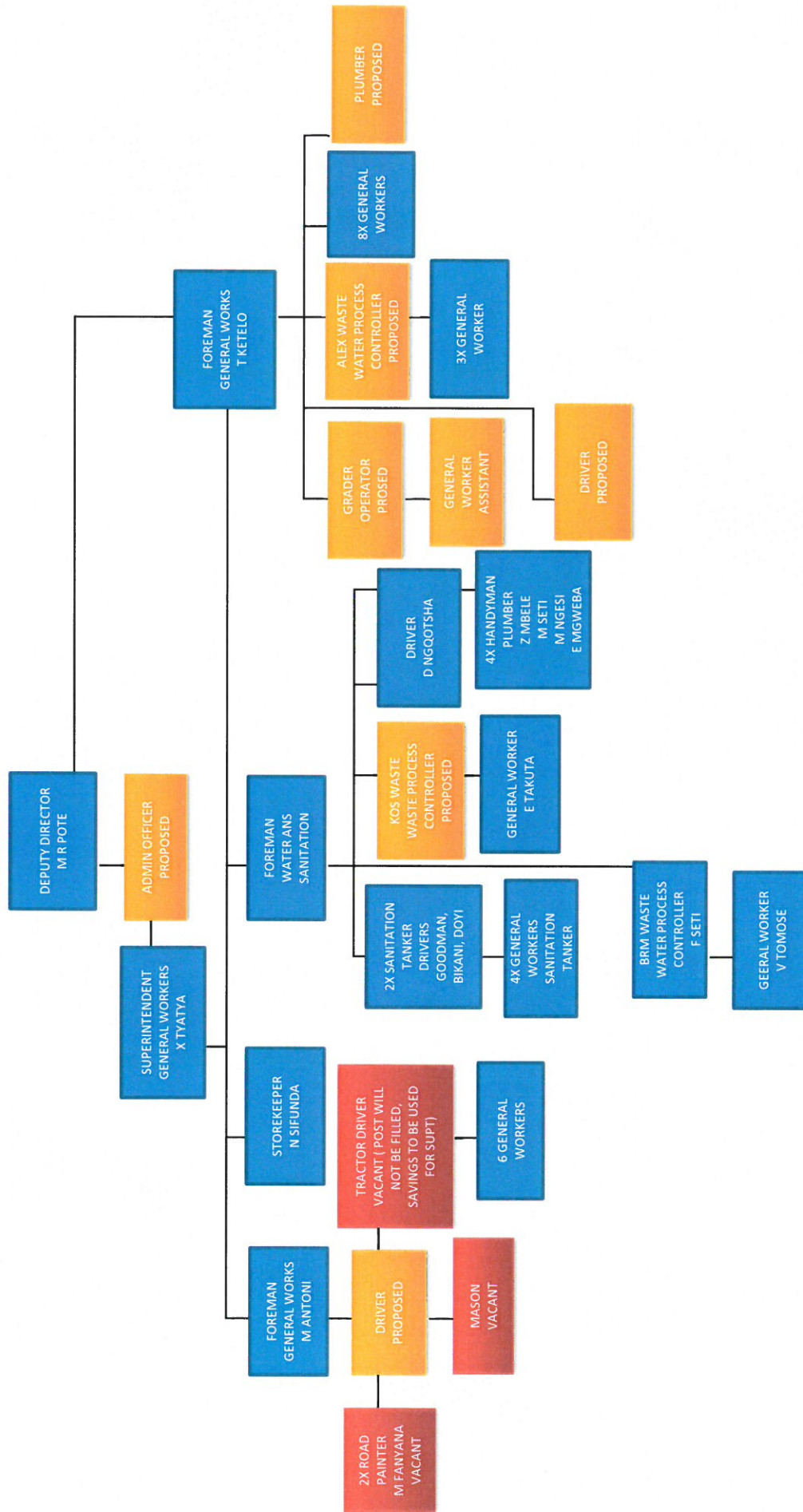












ANNEXURE B

AUDITOR GENERAL AUDIT FINDINGS 2014/2015



Auditing to build public confidence

AUDITOR - GENERAL
SOUTH AFRICA

Ndlambe Municipality

Audit Report

For the year ended 30 June 2015

Report of the auditor-general to the Eastern Cape provincial legislature and the council on Ndlambe local municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Ndlambe local municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified audit opinion

Irregular expenditure

6. The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 125(2) (d) (ii) of the MFMA. The irregular expenditure disclosed in note 42 to the financial statements is understated in respect of amounts incurred and identified during the audit process of R12,6 million (2014: R14,9million). Due to the lack of systems, it was impracticable for me to determine the full extent of the understatement of irregular expenditure disclosed at R39,6million (2014: R79,2million).

Qualified opinion

7. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Ndlambe local municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material losses and impairments

9. As disclosed in note 31 to the financial statements, material losses to the amount of 16,7 million were incurred as a result of a write-off of irrecoverable trade receivables. Furthermore, note 50 to the financial statements disclose material losses of R17,1 million as a result of water and electricity reticulation losses.

Restatements of corresponding figures

10. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014 and 2015 in the financial statements of the Ndlambe Municipality at, and for the year ended, 30 June 2014.

Additional matter

11. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Key Performance Area (KPA) 1: Basic Service Delivery on pages x to x
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. The material findings in respect of the selected objective are as follows:

Key Performance Area (KPA) 1: Basic Service Delivery

Usefulness of reported performance information

18. Section 41(c) of the MSA requires the IDP to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 59% of the reported objectives, a total of 70% of the reported indicators, a total of 89% of the reported targets were not consistent with those in the approved IDP. This was due to the lack of a proper performance management system which led to no reviews, reconciliations and follow-ups being taken by leadership.
19. Section 54(1)(c) of the MFMA determines that the service delivery and budget implementation plan adopted by the municipal council may be amended only if the council approves an adjustments budget. Changes to the service delivery and budget implementation plan in the year have to be made in accordance with the process as prescribed per section 28 of the MFMA. Material changes were made to the objectives, indicators and targets in the annual performance report, without following the process as prescribed in section 28 of the MFMA and without adoption by the municipal council.

This was due to majority of objectives, indicators and targets being changed at the end of the year with no review of the annual report.

20. The FMPPi requires that Performance indicators and measures to be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. In addition, performance targets must be specific in clearly identifying the nature and required level of performance and should also be measurable. A total of 100% of the indicators were not well defined and 46% of the targets were not specific and measurable. This was because management did not adhere to the requirements of the FMPPi due to a lack of proper systems and processes and technical indicator descriptions.

Reliability of reported performance information

21. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work due to the absence of information systems, the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records not permitting the application of alternative audit procedures.

22. I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on pages 54 to 114 for information on the achievement of planned targets for the year. This information should be considered in the context of the findings on usefulness and reliability of the reported performance information in paragraph 18 to 20 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Key Performance Area (KPA) 1 – Basic Service Delivery. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

25. The supplementary information set out on pages 1 to 53 and 115 to 121 does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion thereon.

Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

27. The municipality did not establish a performance management system, as required by section 38(a) of the MSA.
28. The local community was not consulted by means of a municipal wide structure for community participation in drafting and implementing the Integrated development plan (IDP), as required by section 28 of the MSA and Municipal planning and performance management regulation 15(1)(a)(i).
29. The key performance indicators (KPIs) set by the municipality did not include indicators on percentage of households with access to basic level of water and sanitation as required by section 43(2) of the MSA and the Municipal planning and performance management regulation 10(a).
30. The performance management system was not in line with the priorities, objectives, indicators and targets contained in its integrated development plan and did not clarify the roles and responsibilities of each role-player and did not determine the frequency of reporting and the lines of accountability and did not relate to the employee's performance management processes and did not link to the integrated development planning processes, as required by section 38(a) of the MSA and MPPM regulation 7(2)(c-g).
31. The performance management system did not provide for the monitoring, measuring and review of performance at least once per year, as required by section 41 of the MSA.
32. The performance management system did not provide for steps of improvement where performance targets were not met, as required by section 41 (1)(d) of the MSA.
33. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.
34. Key performance indicators, including input, output and outcome indicators, in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the MSA and the MPPM regulation 1 and 9(1)(a).
35. Measurable performance targets for the financial year with regard to each of the development priorities or objectives and key performance indicators were not set in the IDP, as required by section 41(1)(b) of the MSA and the MPPM regulations 12(1) and 12(2)(e).
36. The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the MPPM.
37. The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.
38. The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services and annual budget did not indicate projections for each month of the revenue to be collected, by source and the operational and capital expenditure, by vote, and service delivery targets and performance indicators for each quarter as required by section 1 of the MFMA.

Financial statements

39. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Audit committees

40. A performance audit committee was not in place and the audit committee was not used to fulfil the performance audit committee function, as required by Municipal planning and performance management regulation 14(2)(a).
41. The audit committee did not review the municipality's performance management system and/or make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).
42. The audit committee did not review the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).
43. The performance audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).
44. The performance audit committee did not meet at least twice during the financial year, as required by Municipal planning and performance management regulation 14(3)(a).
45. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the Municipal Finance Management Act.
46. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the Municipal Finance Management Act.
47. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the Municipal Finance Management Act.
48. The audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the Municipal Finance Management Act.

Internal audit

49. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:
- It did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
 - It did not report to the audit committee on the implementation of the internal audit plan.
 - It did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.

50. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Procurement and contract management

51. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) & (c).
52. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
53. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
54. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
55. A list of accredited prospective providers was not in place for procuring goods and services through quotations as required by SCM regulation 14(1)(a).
56. The prospective providers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

Human resource management and compensation

57. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor measure and evaluate performance of staff in contravention of section 67(d) of the MSA.

Expenditure management

58. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Conditional grants received

59. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant, Municipal Systems Improvement Grant and Local Government Financial Management Grant allocation, as required by section 12(5) of the DoRA.
60. Municipal Infrastructure Grant funds were retained or rolled over to the next financial year without seeking the approval of the National Treasury, as required by sections 22(1) of the DoRA.

Asset and liability management

61. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
62. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

63. Unauthorised, Irregular, Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

64. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

Leadership

65. Leadership did not adequately discharge its oversight responsibilities with regards to the implementation and monitoring of internal controls to ensure sound financial and performance management and compliance with laws and regulations. This resulted in inaccurate, incomplete and inadequate financial and performance reporting.
66. Leadership has developed a plan to address external audit findings, but the implementation of the plan has not sufficiently addressed all the external audit findings raised in prior years.
67. Leadership has not implemented an effective performance management system that holds staff accountable and enables the leadership to instil the principle of consequence management. As a result a large number of municipal laws and regulations were not complied with.

Financial and performance management

68. Information availed was at times either incomplete or did not support the financial statements and the performance report. For some areas under both financial and performance management the regular processes of collecting, collating and reporting on credible information were not implemented which resulted in material findings being identified on the reported financial and performance information.

Governance

69. The implementation of the risk management strategy has not been monitored. Although a risk assessment was performed it was inadequate and not formally adopted.
70. The internal audit unit and audit committee did not enhance the credibility of the financial statements and performance reports. This is as a result of a number of factors including the lack of capacity of internal audit and inability of the audit committee to meet regularly as required by legislation.

Auditor-General

East London

30 November 2015

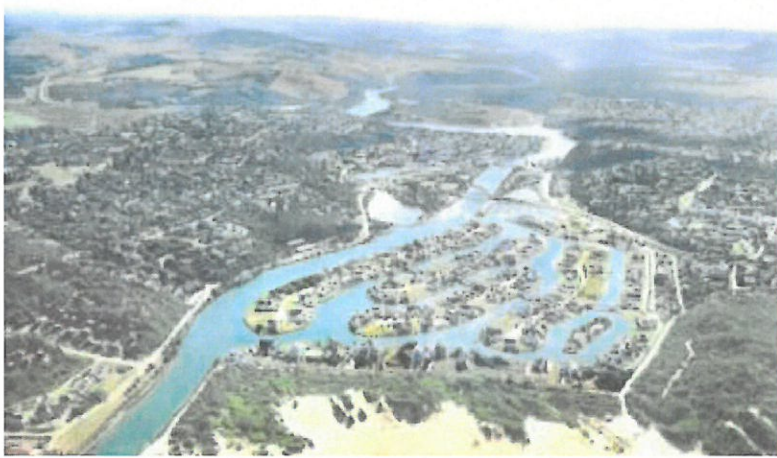


AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE C

OVERSIGHT REPORT 2014/2015



2014/15

NDLAMBE

MUNICIPALITY

OVERSIGHT REPORT

Councillor K Ncamiso (ANC) - Chairperson

Councillor P Faxi (ANC)

Councillor T. Mazana (ANC)

Councillor J Cowley (DA)

Councillor K Daweti (DA)



INDEX

1. Statement of the purpose of the Oversight Report
2. The Municipal Public Account Committee
3. The Functions of the Municipal Public Accounts Committee
4. Summary of Findings relating to the Annual Reporting Process
5. Summary of Presentation received from the Community and Others
6. 2014 / 2015 Annual Report Consultation Process
7. Summary of Reservations and Corrective Actions to be taken by the Municipality
8. Minutes of the meetings of the Municipal Public Accounts Committee
9. Presentation by the Stakeholders
10. Recommendation to Council

1. Statement of purpose of the Oversight Report

It is important to have some understanding of the accountability framework for municipalities in order to correctly comprehend the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the municipality by the Constitution, Acts, regulations or Circulars.

The following table displays the nature of the culpability framework for local government:

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Mayor & Executive Committee	Community
Mayor & Executive Committee	Policy, budgets, outcomes, management of/oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Administration	Mayor & Executive Committee (Council)
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial management and operational functions	Municipal Manager

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act requires the council to consider the annual report of its municipality and to adopt an "Oversight Report" containing the council's comments on the annual report.

The Oversight Report must include a statement whether the council:

- has approved the annual report, with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

The Oversight Report is a distinct product from the Annual Report.

The Annual Report is submitted to the Council by the Accounting Officer, Adv. R Dumezweni and the Mayor, Cllr. S R Tandani and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year. The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to the community disclosing the level of success or otherwise, obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

2. The Municipal Public Accounts Committee

The appointment and compilation of Council's Municipal Public Account Committee in October 2011, was handled according to Section 127(3) of the Municipal Finance Management Act. The

Municipal Public Account Committee is comprised of non-executive Councillors represented by all political parties and a Chairperson was chosen from amongst them.

The Ndlambe Municipal Public Accounts Committee consists of the following Councillors:

- Councillor K Ncamiso (ANC)
- Councillor P Faxi (ANC)
- Councillor T. Mazana (ANC)
- Councillor J Cowley (DA)
- Councillor K Daweti (DA)

During the financial period the municipality experienced two resignations by the MPAC members. Those members were from the Democratic Alliance. They were replaced by other two members from Democratic Alliance (DA).

Councillor K. Ncamiso (ANC) serves as chairperson of the committee.

3. The Functions of the Municipal Public Accounts Committee:

- a) Undertake a review and analysis of the Annual Report.
- b) Invite, receive and consider inputs from Councillors and officials on the Annual Report.
- c) Consider written comments received on the Annual Report from the public consultation process.
- d) Conduct 2 day's Strategic Planning session.
- e) Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of state, Council's Audit & Performance Committee, political Parties and Councillors.
- f) Receive and consider Council's Audit & Performance Committee views and comments on the annual financial statements and the performance report.

4. Summary of Findings relating to the Annual Reporting Process

The following table summarises the respective findings of the Municipal Public Account Committee relating to the process followed in compiling the Annual Report and resultant Oversight Report in comparison to the process required by statute.

Reservation Expressed by the Municipal Public Account Committee	Actions required	Due Date
The Annual Report was submitted to Council on due date. The Council meeting was held on the 10 December 2015.	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	31 January 2016

5. Summary of Representations received from the Community and Others

The following table reflects the key written representations received from the respective bodies/individuals relating to the contents of the Annual Report:

Representation Submitted by:	Key Issues Raised:	Determination by MPAC
<i>Individual councillors (in particular, ward councillors)</i>	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • That in future, councillors must be taken through the Annual Report.
<i>Auditor-General</i>	<ul style="list-style-type: none"> • They were invited to make their representation in front of the MPAC. • The AGSA reflected on the issues raised in the audit report. • Responded to the matters of clarity from the Audit Committee and MPAC members 	<ul style="list-style-type: none"> • Audit Action Plan should be made a standing item of the MPAC for the committee to be able to monitor and make recommendation. • Presented at the MPAC Meeting of 11 March 2016
<i>South African Municipal Workers Union</i>	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
<i>Audit Committee</i>	<ul style="list-style-type: none"> • They were invited to attend the meeting with the AGSA. • There is a submitted report that forms part of the annexures of the Annual report from the Audit Committee. • The chairperson was requested to give the Audit Committee's opinion on the AFS and their report was included in the Annual report. 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 11 March 2016
<i>Other spheres of government</i>	<ul style="list-style-type: none"> • The Department of Local Government and Traditional Affairs attended the meeting. • They are willing to support with the clean audit campaign. • Provincial Treasury presented on both days • Ndlambe Ratepayers Association Presented on both days 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 11 March 2016
<i>Democratic Alliance (DA)</i>	<ul style="list-style-type: none"> • They were invited to attend the meeting with the AGSA. 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 11 March 2016

The Municipal Public Accounts Committee noted with concern, the lack of comment in respect of the Annual Report from the Ward Committees. Efforts were made to encourage public participation by means of advertising the public MPAC meeting and inviting responses to the Annual report. No input was received despite efforts; however the process will be improved next year.

6. 2014/2015 Annual Report Consultation Process

- a) The Annual Report was tabled at an open Council Meeting on 10 December 2015.

- b) The communities were advised through print media and the Municipal website of the availability of the annual report and were invited to submit representations on the report.
- c) The Annual Report was available at all municipal libraries and identified offices. The Annual Report was also submitted to the Auditor General, Provincial Treasury and the Department of Local Government and Traditional Affairs.
- d) At the closing date for public submissions (12 February 2016), no submissions had been received from the public.
- e) All stakeholders were invited to the Strategic Session held on the 10 & 11 March 2016

7. Summary of Reservations Expressed and Corrective Actions required

<u>RESERVATION</u>	<u>ACTION PLAN</u>
Audit Committee	<ul style="list-style-type: none"> • Make sure all meetings are documented • Report to council quarterly • Must review the performance management system • Advise council, based on internal audit reports
Internal Audit Committee	<ul style="list-style-type: none"> • Must have an internal audit action plan
MPAC	<ul style="list-style-type: none"> • Prevent unauthorized expenditure as far as possible • Assure council that where there is UE, it has been investigated and is really necessary • Review documents such as IDP, SDBIP and quarterly reports before they get to council. Docs must also be post-reviewed. • Receive adjustment budget well in advance for close scrutiny • Make sure all disclosures are actually disclosed. • Assess whether council has approved necessary documentation in order for administration effect better service delivery
PMS	<ul style="list-style-type: none"> • Annual review of framework • Monthly meetings with directorates with regard to performance plans, monitoring and compliance
BTO	<ul style="list-style-type: none"> • Provincial Treasury committed to improving capacity in BTO
SCM	<ul style="list-style-type: none"> • Compare cost of centralization to cost of not centralizing system
IDP	<ul style="list-style-type: none"> • All targets must be SMART • Public participation in IDP is a legal requisite and must take place • Stronger links between IDP and performance of directorates • AG's office will assist with IDP process – before

	submission time
SDBIP	<ul style="list-style-type: none"> Needs to be available to MPAC for assessment Must link directly to IDP, as well as PMS
Annual Report	<ul style="list-style-type: none"> Format from Treasury must be followed more closely Better explanations required for variances between budget and actuals Six – monthly budget in midyear report to have better explanations
Audit Action Plan	<ul style="list-style-type: none"> To be populated earlier in future for oversight purposes
Ndlambe Website	<ul style="list-style-type: none"> Must have all necessary information and reports required
Section 72 (midyear) report	<ul style="list-style-type: none"> AG's office to assist before submission
Adjustment Budget	<ul style="list-style-type: none"> Must be received well in advance of submission date for oversight.
Consequence Management	<p>All unauthorized expenditure needs to be prevented. If not, directorates need to account for UE and explain how they will recuperate it. MM to report what steps to be taken against those responsible for UE. If no consequence management, grants will be withdrawn.</p> <p>Catch Phrase for 2016.</p>
Water Infrastructure	<p>Investigate the possibility of handing over the WSA function that is currently performed by Ndlambe to be handed over to the National Department of Water Affairs and Sanitation.</p>
SCOA	<p>Approach Treasury and remind them of their commitment to partially assisting in financing the SCOA.</p>
Meetings Schedules	<p>Directorates and committees to liaise regarding meeting schedule and ensure timeous receipt of documents requiring oversight.</p> <p>Meeting schedule MUST be adhered to in order to submit documents timeously</p>
2015 Matters	<p>MPAC's points from 2015 report to be complied with</p>
PMS	<p>A councillor must be seconded to attend PMS meetings at Sarah Baartman District Municipality.</p>

8. Submissions from the MPAC

During the Strategic Planning session, stakeholders made presentation and commitments.

9. Minutes of the Meetings of the MPAC

The MPAC minutes are included in the annexures.

10. Recommendation to Council

The resolution of Council at the meeting where the final version of the Oversight Report will be considered will be as follows

- Council approves the 2014/15 Annual Report with reservations as included in the comments in the Oversight Report and;
- The Council having fully considered the 2014/15 Annual Report of the municipality and representations expressed made thereon, and adopts the 2014/15 Oversight Report and;
- Council requests the Mayor to report to council on progress with execution of the corrective actions contained in the Oversight Report.

ANNEXURE D

SECTION 72- MID YEAR BUDGET AND
PERFORMANCE REPORT 2015/2016

NDLAMBE MUNICIPALITY SECTION 72 – MID-YEAR BUDGET AND PERFORMANCE REPORT



**Ndlambe
Municipality
2015/2016**

Upgrading of Port Alfred Waste Water Treatment Works



 **Sarah Baartman**
DISTRICT MUNICIPALITY
Province of the Eastern Cape
progress through development

TABLE OF CONTENTS

CHAPTER 1 – In-Year Report

1.1	Introduction
1.2	Executive Summary
1.3	Mid-Year Consolidated Section 71 Tables

CHAPTER 2 – Supporting Documentation

2.1	Debtors Arrears and Payment Levels
2.2	Creditors
2.2.1	Financial Performance Analysis
2.3	Investment Register As At 31 December 2015
2.4	Allocation and Grants Receipts and Expenditure
2.5	Councillors and Employee Benefits
2.6	Overtime
2.7	Material Variances to the Service Delivery and Budget Implementation
2.8	Capital Projects In-Progress
2.9	Other Supporting Documents
2.9.1	Adjustment Budget
2.9.2	Annual Report
2.9.3	Supply Chain
2.9.4	Oversight Report

CHAPTER 3 - Performance

3.1	Performances Framework
3.2	Implementation of Performance Management
3.3	Overall Service Delivery Performance

CHAPTER 1

1.1: INTRODUCTION

In terms of Section 72(1)(a), (2), (3) and 52(d) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the report, he must submit the report to Council by 31 January in terms of Section 54 of the MFMA.

In terms of the Section 54 (1), (2) and (3) of the Municipal Finance Management Act No. 56, 2003 Chapter 7, the following applies: -

“(1) On receipt of a statement or report submitted by the accounting officer of the Municipality

In terms of section 72, the mayor must –

- (a) Consider the statement or report;
- (b) Check whether the municipality’s approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (d) Issue any appropriate instructions to the accounting officer to ensure –
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;
- (f) Submit the report to the Council by 31 January of each year.”

The mid-year performance reports and supporting tables of the Ndlambe Municipality, prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

1.2: EXECUTIVE SUMMARY

Introduction

The Municipal Manager as Accounting Officer of the municipality, is required by Section 72 of the Municipal Finance Management Act to submit a report to the Mayor of the Municipality, the National Treasury and the relevant Provincial Treasury by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the financial year.

The mid-year report is a critical stage in the in-year reporting cycle of a municipality. As part of the review, in terms of Section 72(3) of the Municipal Finance Management Act, the Accounting Officer needs to make recommendations as to whether the Service Delivery Budget Implementation Plans and both capital and operating budgets need to be adjusted.

Section 54 (1) of the Municipal Finance Management Act requires the Mayor to consider and then submit the mid-year report to Council by 31 January of each year.

It must be noted that the Section 52, Quarterly Budget Monitoring Report is incorporated in this report. Therefore, the requirements of Section 52 (f) of the Municipal Finance Management Act have been met in this mid-year Budget and Assessment Report.

The body of this report is detailed to such an extent that my comments in this executive summary will be limited to aspects that I feel need to be highlighted.

1.2.1 Capital Expenditure:

It needs to be remembered that no provision was made since the 2011/2012 financial year for capital funded from internal sources. Directors have made numerous attempts to lobby for funding but have not been as successful as they were in the previous financial year. It is critical that the Ndlambe Council approves a capital budget from internal sources for the 2015/2016 as the infrastructure, plant and equipment is failing and needs serious attention to avoid breaks in the delivery of essential services.

The expenditure from the limited capital budget that we have is on track and all capital projects will be completed before 30 June 2016. Every year the directors are encouraged to lobby for funds during the remainder of the financial year.

The above illustrates the Ndlambe Municipality's dependency on grant funding and this is a dangerous situation as grant funding will not always be available.

1.2.2 Operating Expenditure

Budgeted Expenditure	July 2015 – July 2015	R 341 469 894
Actual Expenditure	July 2015 – December 2015	R 148 399 626

There are many reasons as to why the actual expenditure is way below the budgeted expenditure but the main reasons can be attributed to the following;

- The budgeted income not been realized and this is partly due to bad budget planning
- The rapid increase in consumer debt as a result of an increase in both ratepayers and consumers not paying their accounts. This is the biggest challenge facing us at present but drastic steps are going to be implemented to rectify the matter.

- Poor planning and using the incremental budgeting method for all line items also impacts on budgets not been realistic

1.2.3. Operating Revenue

Budgeted Income	July 2015 – July 2016	R 373 112 349
Actual Income	July 2015 – December 2016	R 195 981 724

The actual income is distorted by the equitable share and grant money received that is in the process of been spent but if they were removed it is evident that income accrued is not been recovered and that credit control procedures have to be intensified to collect the income due so that expenditure can be incurred as budgeted for.

	Budgeted Income	Actual Income
Rates	R102 275 687	R53 526 003
Sewer	R15 662 966	R 8 204 976
Water	R35 320 437	R16 954 266
Electricity	R60 805 590	R29 461 691
Refuse	R21 034 836	R10 885 880

1.2.4. Creditors

All creditors that's invoices were received by 31 December 2015 have been processed. Our top creditors remain Ndlambe Local Municipality Transfer, Ndlambe Investments, Penny Pincher Port Alfred, Cab Holdings, Uber Technologies, Metro Office Automation(PTY), Ms Mlamla Building Construction, Kleine Monde Trust, First National Bank LTD and Nashua Eastern Cape.

ADV R DUMEZWENI
MUNICIPAL MANAGER

AD : AGE ANALYSIS OF DEBTORS (All values in Rand)
 Save File as : Muncde_AD_coy_Mm.XLS (e.g. : GT411_AD_2005_M10)
 Change Year End (-) to Financial Year End (e.g. : 2005 for year 2004/2005) and Month End (Mm) to Active Month (M01=July.. M12=June)(e.g. : M10)
 Change Muncde to your own municipal code (e.g. : GT411)
 To Save File press the following keys at the same time with Cap+ Lock off: Ctrl Shift S

Year End	Month End	Mun EC105	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to Council Policy
2015	M06		1100	Debtors Age Analysis E; Income Source											
			1200	Trade and Other Receivables from Exchange Transactions - Water	1 093 050	1 453 343	1 030 510	18 681 230	0	0	0	0	22 318 181	0	0
			1300	Trade and Other Receivables from Exchange Transactions - Electricity	4 000 159	1 267 062	566 148	6 603 659	0	0	0	0	12 450 028	0	0
			1400	Receivables from Non-exchange Transactions - Property Rates	5 339 526	2 490 673	1 555 321	16 459 237	0	0	0	0	25 847 757	0	0
			1500	Receivables from Exchange Transactions - Waste Water Management	696 697	471 989	467 613	8 865 670	0	0	0	0	10 441 969	0	0
			1600	Receivables from Exchange Transactions - Waste Management	745 274	463 532	366 364	8 556 369	0	0	0	0	10 151 539	0	0
			1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0
			1810	Interest on Arrear Debtor Accounts	0	0	0	12 129 971	0	0	0	0	12 129 971	0	0
			1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
			1900	Other	2 428 365	308 536	269 300	17 194 478	0	0	0	0	15 334 249	0	0
			2000	Total By Income Source	9 436 361	6 475 435	4 280 256	88 450 622	0	0	0	0	108 682 614	0	0
			2100	Debtors Age Analysis E; Customer Group											
			2200	Organs of State	159 966	240 976	219 401	3 088 962	0	0	0	0	3 709 345	0	0
			2300	Commercial	1 121 976	296 441	165 138	616 959	0	0	0	0	2 200 514	0	0
			2400	Households	8 154 419	5 938 018	3 895 717	64 784 681	0	0	0	0	102 772 835	0	0
			2500	Other					0	0	0	0	0	0	0
			2600	Total By Customer Group	9 436 361	6 475 435	4 280 256	88 490 622	0	0	0	0	106 682 684	0	0

Notes:

Property Rental Debtors: including housing and land sale debtors
 Total By Income Source = Total By Customer Group
 The total debtors amount must balance the total amount reflected for debtors on the BSAC return.
 Bad Debts-Bad Debts written off during the month
 Impairment - Bad Debts i.to Council Policy :
 The aim of this schedule is to ensure that the impairment contribution is done in a structured manner
 The impairment amount that is entered in this block should be the aggregated amount as per the calculation formula in the municipality
 If a formula to calculate impairment is not in place this is a tool that can be used to develop such a formula and get it approved as part of the accounting policy

2200 ORGANS OF STATE (All values in Rand)

Year Month End
Mun
2015 M06 Dec
EC105

Code	Select Category for each block	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Actual Bad Debt Written Off against Bad Debtors Council Policy	Impairment - Debtors L to Council Policy
????		1810	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0
		1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
		1900	Other	0	0	0	0	0	0	0	0	0	0	0
		2000	Total By Income Source	0	0	0	0	0	0	0	0	0	0	0
		1100	Debtors Age Analysis By Income Source											
		1200	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0
		1300	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0
		1400	Receivables from Non-exchange Transactions - Property Rates	0	0	0	0	0	0	0	0	0	0	0
		1500	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0
		1600	Receivables from Exchange Transactions - Waste Management	0	0	0	0	0	0	0	0	0	0	0
????		1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0
		1810	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0
		1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
		1900	Other	0	0	0	0	0	0	0	0	0	0	0
		2000	Total By Income Source	0	0	0	0	0	0	0	0	0	0	0
		1100	Debtors Age Analysis By Income Source											
		1200	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0
		1300	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0
		1400	Receivables from Non-exchange Transactions - Property Rates	0	0	0	0	0	0	0	0	0	0	0
		1500	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0
2200		1600	Receivables from Exchange Transactions - Waste Management	0	0	0	0	0	0	0	0	0	0	0
		1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0
		1810	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0
		1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
		1900	Other	0	0	0	0	0	0	0	0	0	0	0
		2000	Total By Income Source	0	0	0	0	0	0	0	0	0	0	0
		1100	Debtors Age Analysis By Income Source											
		1200	Trade and Other Receivables from Exchange Transactions - Water	109 726	91 891	80 337	551 487	0	0	0	0	833 441	0	0
		1300	Trade and Other Receivables from Exchange Transactions - Electricity	+4 720	66 531	50 863	235 655	0	0	0	0	417 775	0	0
		1400	Receivables from Non-exchange Transactions - Property Rates	19 985	24 287	24 287	1 644 680	0	0	0	0	1 713 249	0	0
		1500	Receivables from Exchange Transactions - Waste Water Management	21 542	50 329	56 373	321 112	0	0	0	0	449 362	0	0
		1600	Receivables from Exchange Transactions - Waste Management	5 258	6 809	6 470	92 065	0	0	0	0	110 622	0	0
		1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0
		1810	Interest on Arrear Debtor Accounts	0	0	0	158 542	0	0	0	0	158 542	0	0
		1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
2200		1900	Other	-61 261	1 129	1 065	85 421	0	0	0	0	26 354	0	0
		2000	Total By Income Source	153 986	240 970	219 401	3 088 982	0	0	0	0	3 709 345	0	0

Note:

Debt owed by Organs of State includes vacant land zoned for government purposes or registered in the name of the relevant institution
Debt owed by public institutions listed in the PFMA Schedules (see attached), must be grouped according to the main public institution categories provided.
Select the relevant National department, Provincial department or Public institution from the dropdown list to populate the category

Mun
EC105

Area	Code	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Actual Bad Debt Against Debtors	Actual Investment Council Policy	
Embassies and Consulates - Ekum Licensed Area	2298	1100	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0	
		1200	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0	
		1300	Trade and Other Receivables from Exchange Transactions - Property Rates	0	0	0	0	0	0	0	0	0	0	0	0
		1400	Receivables from Non-exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0	0
		1500	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0	0
		1600	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0	0
		1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0	0
		1800	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0	0
		1900	Receivable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0	0
		2000	Other	0	0	0	0	0	0	0	0	0	0	0	0
		2100	Total By Income Source	0	0	0	0	0	0	0	0	0	0	0	0
		2200	Debtors Age Analysis By Income Source	0	0	0	0	0	0	0	0	0	0	0	0
		2300	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0	0
		2400	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0	0
		2500	Receivables from Non-exchange Transactions - Property Rates	0	0	0	0	0	0	0	0	0	0	0	0
		2600	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0	0
		2700	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0	0
		2800	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0	0
		2900	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0	0
		3000	Receivable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0	0
		3100	Other	0	0	0	0	0	0	0	0	0	0	0	0
Other Municipal Licensed Area	2309	1100	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0	
		1200	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0	0
		1300	Trade and Other Receivables from Exchange Transactions - Property Rates	0	0	0	0	0	0	0	0	0	0	0	0
		1400	Receivables from Non-exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0	0
		1500	Receivables from Exchange Transactions - Waste Water Management	0	0	0	0	0	0	0	0	0	0	0	0
		1600	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0	0
		1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0	0	0	0	0	0	0	0
		1800	Interest on Arrear Debtor Accounts	0	0	0	0	0	0	0	0	0	0	0	0
		1900	Receivable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0	0
		2000	Other	0	0	0	0	0	0	0	0	0	0	0	0
		2100	Total By Income Source	0	0	0	0	0	0	0	0	0	0	0	0
		2200	Debtors Age Analysis By Income Source	0	0	0	0	0	0	0	0	0	0	0	0
		2300	Trade and Other Receivables from Exchange Transactions - Water	0	0	0	0	0	0	0	0	0	0	0	0
		2400	Trade and Other Receivables from Exchange Transactions - Electricity	0	0	0	0	0	0	0	0	0	0	0	0

Notes:

Municipal and Eskom licensed areas refer to the debt owed to the municipality on commercial properties situated in those areas which includes vacant land (their includes educational institutions (crèches, school, universities, etc), Non-profit organisations (Churches, religious, cultural, sec 21, etc) or any other commercial debtor that does not fall under any of the identified commercial categories;

2400 HOUSEHOLDS (All values in Rand)

Year Month
End End

2015 M06 Dec

Mun

EC105

Code	Area	Detail	Debtors Age Analysis By Income Source	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to Council Policy
2401	Households: Non-indigents - Municipal Licensed	Debtors Age Analysis By Income Source												
	Households: Non-indigents - Municipal Licensed	Trade and Other Receivables from Exchange Transactions - Water		43 372	30 308	15 335	292 550					381 595		
	Households: Non-indigents - Municipal Licensed	Trade and Other Receivables from Exchange Transactions - Electricity		17 197	3 465	2 843	46 935					70 440		
	Households: Non-indigents - Municipal Licensed	Receivables from Non-exchange Transactions - Property Rates		28 151	4 049	11 953	60 178					104 231		
	Households: Non-indigents - Municipal Licensed	Receivables from Exchange Transactions - Waste Water Management		22 651	13 350	7 506	196 485					240 024		
	Households: Non-indigents - Municipal Licensed	Receivables from Exchange Transactions - Waste Water Management		16 656	7 396	3 477	106 804					134 933		
	Households: Non-indigents - Municipal Licensed	Receivables from Exchange Transactions - Property Rental Debtors												
	Households: Non-indigents - Municipal Licensed	Interest on Arrear Debtor Accounts												
	Households: Non-indigents - Municipal Licensed	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure												
	Households: Non-indigents - Municipal Licensed	Other		7 311	5 621	4 781	117 295					135 008		
	Households: Non-indigents - Municipal Licensed	Total By Income Source		135 336	64 919	45 797	805 865					1 111 819		
2402	Households: Non-indigents - Eskom Licensed Area	Debtors Age Analysis By Income Source												
	Households: Non-indigents - Eskom Licensed Area	Trade and Other Receivables from Exchange Transactions - Water												
	Households: Non-indigents - Eskom Licensed Area	Trade and Other Receivables from Exchange Transactions - Electricity												
	Households: Non-indigents - Eskom Licensed Area	Receivables from Non-exchange Transactions - Property Rates												
	Households: Non-indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Waste Water Management												
	Households: Non-indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Waste Water Management												
	Households: Non-indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Property Rental Debtors												
	Households: Non-indigents - Eskom Licensed Area	Interest on Arrear Debtor Accounts												
	Households: Non-indigents - Eskom Licensed Area	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure												
	Households: Non-indigents - Eskom Licensed Area	Other												
	Households: Non-indigents - Eskom Licensed Area	Total By Income Source												
2403	Households: Indigents - Municipal Licensed Area	Debtors Age Analysis By Income Source												
	Households: Indigents - Municipal Licensed Area	Trade and Other Receivables from Exchange Transactions - Water		839 714	1 296 421	982 564	16 900 185					20 030 884		
	Households: Indigents - Municipal Licensed Area	Trade and Other Receivables from Exchange Transactions - Electricity		2 856 642	983 689	417 020	5 419 294					9 776 645		
	Households: Indigents - Municipal Licensed Area	Receivables from Non-exchange Transactions - Property Rates		5 239 774	2 427 307	1 500 513	20 367 806					23 535 400		
	Households: Indigents - Municipal Licensed Area	Receivables from Exchange Transactions - Waste Water Management		613 678	399 366	335 409	8 671 344					10 019 797		
	Households: Indigents - Municipal Licensed Area	Receivables from Exchange Transactions - Waste Water Management		709 350	463 554	351 657	6 536 439					10 061 006		
	Households: Indigents - Municipal Licensed Area	Receivables from Exchange Transactions - Property Rental Debtors												
	Households: Indigents - Municipal Licensed Area	Interest on Arrear Debtor Accounts												
	Households: Indigents - Municipal Licensed Area	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure												
	Households: Indigents - Municipal Licensed Area	Other		-2 340 083	300 862	262 757	12 121 174					11 902 574		
	Households: Indigents - Municipal Licensed Area	Total By Income Source		8 015 081	5 673 159	3 849 920	83 919 816					10 344 719		
2404	Households: Indigents - Eskom Licensed Area	Debtors Age Analysis By Income Source												
	Households: Indigents - Eskom Licensed Area	Trade and Other Receivables from Exchange Transactions - Water												
	Households: Indigents - Eskom Licensed Area	Trade and Other Receivables from Exchange Transactions - Electricity												
	Households: Indigents - Eskom Licensed Area	Receivables from Non-exchange Transactions - Property Rates												
	Households: Indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Waste Water Management												
	Households: Indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Waste Water Management												
	Households: Indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Property Rental Debtors												
	Households: Indigents - Eskom Licensed Area	Interest on Arrear Debtor Accounts												
	Households: Indigents - Eskom Licensed Area	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure												
	Households: Indigents - Eskom Licensed Area	Other												
	Households: Indigents - Eskom Licensed Area	Total By Income Source												
2405	Households: Indigents - Eskom Licensed Area	Debtors Age Analysis By Income Source												
	Households: Indigents - Eskom Licensed Area	Trade and Other Receivables from Exchange Transactions - Water		863 086	1 328 729	997 899	17 192 765					20 402 473		
	Households: Indigents - Eskom Licensed Area	Trade and Other Receivables from Exchange Transactions - Electricity		2 973 839	987 154	419 863	5 466 229					9 847 085		
	Households: Indigents - Eskom Licensed Area	Receivables from Non-exchange Transactions - Property Rates		5 267 925	2 431 356	1 512 366	20 427 984					29 639 631		
	Households: Indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Waste Water Management		636 329	412 746	342 917	8 867 829					10 259 821		
	Households: Indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Waste Water Management		723 012	471 550	355 134	8 643 243					10 195 959		
	Households: Indigents - Eskom Licensed Area	Receivables from Exchange Transactions - Property Rental Debtors												
	Households: Indigents - Eskom Licensed Area	Interest on Arrear Debtor Accounts												
	Households: Indigents - Eskom Licensed Area	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure												
	Households: Indigents - Eskom Licensed Area	Other		-2 332 772	306 483	267 538	12 238 469					11 948 162		
	Households: Indigents - Eskom Licensed Area	Total By Income Source		8 154 419	5 938 018	3 895 717	84 784 631					10 479 718		
	Households: Indigents - Eskom Licensed Area	Total										102 772 835		

Notes:

Municipal and Eskom licensed areas refer to the debt owed to the municipality on residential properties situated in those areas which include vacant land. Indigents households as determined by the policy of the municipality. All other amounts due by households is regarded as non-indigent.

CFA : CASH FLOW STATEMENT ACTUALS / FORECASTS (All values in Rand)(Payments= +)

Save File as : Muncde_CFA_ccyf_Min.XLS (e.g.: GT411_CFA_2005_M10)

Change Muncde to your own municipal code (e.g.: GT411) and Year End (ccyf) to Financial Year End (e.g.: 2005 for year 2004/2005)

Change Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10) (Enter Actuals up to Active Month included and Forecast figures for months after Active Month)

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

Year	Month	Item	Mun	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
2016	M06	Detail	EC105	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
		3000		9 094 884	7 019 630	6 465 233	7 079 182	6 599 693	6 359 389						
		3010		Cash Receipts by Source											
		3020		Property rates	0	0	0	0	0						
		3030		Service charges - penalties & collection charges	4 060 995	5 562 823	5 033 139	4 768 012	4 694 713						
		3040		Service charges - electricity revenue	2 074 942	3 045 663	2 704 334	3 009 443	2 710 119						
		3050		Service charges - water revenue	1 608 075	1 535 804	1 534 342	1 545 906	1 535 559						
		3060		Service charges - sanitation revenue	2 067 316	1 955 891	1 451 180	1 696 137	1 708 123						
		3070		Service charges - refuse revenue	18 969	12 187	6 380	1 163	10 369						
		3080		Service charges - other	330 190	323 077	330 308	330 370	332 075						
		3090		Rental of facilities and equipment	508 761	532 662	943 388	698 544	745 512						
		3100		Interest earned - external investments	0	0	0	0	0						
		3110		Interest earned - outstanding debtors	0	0	0	0	0						
		3120		Dividends received	0	0	0	0	0						
		3130		Fines	58 100	42 100	70 900	27 200	35 850						
		3140		Licences and permits	510 568	154 616	270 421	274 869	405 748						
		3150		Agency services	0	0	0	0	0						
		3160		Transfer receipts - operational	26 847 000	731 248	973 631	1 826 685	19 907 526						
		3170		Other revenue	18 008 542	1 494 206	11 040 060	3 447 110	9 495 394						
		3180		Cash Receipts by Source	65 187 942	22 429 927	30 823 316	24 704 621	48 159 849						
		3190		Other Cash Flows/Receipts by Source	0	0	0	0	0						
		3200		Transfer receipts - capital	0	2 007 161	2 838 266	1 561 808	4 766 494						
		3210		Contributions recognised - capital & Contributed	0	0	0	0	0						
		3220		Proceeds on disposal of PPE	1 518	9 410	137 772	14 370	0						
		3230		Short term loans	0	0	0	0	0						
		3240		Borrowing long term/refinancing	0	0	0	0	0						
		3250		Increase (decrease) in consumer deposits	13 429	6 851	-5 653	-105	10 417						
		3260		Decrease (increase) in non-current debtors	0	0	0	0	0						
		3270		Decrease (increase) other non-current	0	0	0	0	0						
		3280		Decrease (increase) in non-current investments	0	0	0	0	0						
		3290		Total Cash Receipts by Source	65 202 889	24 453 349	33 763 701	26 280 694	52 936 760						
		4000		Cash Payments by Type	7 610 442	7 283 619	8 661 392	8 376 436	8 601 098						
		4010		Employee related costs	470 775	471 365	471 365	471 365	471 365						
		4020		Remuneration of councillors	0	0	0	0	0						
		4030		Collection costs	0	0	0	0	0						
		4040		Interest paid	0	0	0	0	0						
		4050		Bulk purchases - Electricity	2 749 376	5 377 596	4 461 130	2 860 016	2 750 144						
		4060		Bulk purchases - Water & Sewer	23 314	917 582	224 714	995 629	586 740						
		4070		Other materials	0	0	0	0	0						
		4080		Contracted services	0	0	0	0	0						
		4090		Grants and subsidies paid - other municipalities	326 221	1 047 942	1 494 216	629 918	684 211						
		4100		Grants and subsidies paid - other	0	0	0	0	0						
		4110		General expenses	41 144 608	11 203 494	13 676 071	8 253 652	15 325 170						
		4120		Cash Payments by Type	52 324 736	26 301 598	28 989 390	21 537 016	26 718 726						
		4130		Other Cash Flows/Payments by Type	0	0	0	0	0						
		4140		Capital assets	1 765 259	2 519 129	1 373 662	4 475 757	3 687 475						
		4150		Repayment of borrowing	0	0	0	0	0						
		4160		Other Cash Flows/Payments	0	0	0	0	0						
		4170		Total Cash Payments by Type	54 089 995	28 820 727	33 086 875	26 062 773	32 406 203						
		4180		Net Increase/(Decrease) in Cash Held	11 112 894	-4 367 378	706 826	217 921	20 530 557						
		4190		Cash/cash equivalents at the month/year begin:	-16 003 467	-4 890 573	-9 257 951	-6 551 125	-8 333 204						
		4200		Cash/cash equivalents at the month/year end:	-4 890 573	-9 257 951	-8 551 125	-8 333 204	-12 197 353						

	1. Municipal Governance and Administration				2. Community and Public Safety			
	Executive & Council	Treasury Office	Corporate Services	Subtotal	Community & Social Services	Sport And Recreation	Public Safety	Health
0100 INFRASTRUCTURE	0	0	0	0	0	0	0	0
0300 Roads, Pavements, Bridges & Storm Water	0	0	0	0	0	0	0	0
0400 Water Reservoirs & Retention	0	0	0	0	0	0	0	0
0500 Car Parks, Bus Terminals and Taxi Ranks	0	0	0	0	0	0	0	0
0600 Electricity Retention	0	0	0	0	0	0	0	0
0700 Sewerage Purification & Retention	0	0	0	0	0	0	0	0
0800 Housing	0	0	0	0	0	0	0	0
0900 Street Lighting	0	0	0	0	0	0	0	0
1000 Refuse sites	0	0	0	0	0	0	0	0
1100 Gas	0	0	0	0	0	0	0	0
1200 Other	0	0	0	0	0	0	0	0
1300 Sub-total Infrastructure	0	0	0	0	0	0	0	0
1400 COMMUNITY	0	0	0	0	0	0	0	0
1500 Establishment of Parks & Gardens	0	0	0	0	0	0	0	0
1600 Sportsfields	0	0	0	0	0	0	0	0
1700 Community Halls	0	0	0	0	0	0	0	0
1800 Libraries	0	0	0	0	95 312	0	0	0
1900 Recreational Facilities	0	0	0	0	0	0	0	95 312
2000 Clinics	0	0	0	0	0	0	0	0
2100 Museums & Art Galleries	0	0	0	0	0	0	0	0
2200 Other	0	0	0	0	0	0	0	0
2300 Sub-total Community	0	0	0	0	95 312	0	0	95 312
2310 HERITAGE ASSETS	0	0	0	0	0	0	0	0
2311 Heritage Assets	0	0	0	0	0	0	0	0
2312 Sub-total Heritage Assets	0	0	0	0	0	0	0	0
2320 INVESTMENT PROPERTIES	0	0	0	0	0	0	0	0
2321 Investment Properties	0	0	0	0	0	0	0	0
2322 Sub-total Investment Properties	0	0	0	0	0	0	0	0
2400 OTHER ASSETS	0	0	0	0	0	0	0	0
2500 Other motor vehicles	0	0	0	0	0	0	0	0
2600 Plant & equipment	0	0	0	0	25 620	0	0	25 620
2700 Office equipment	15 150	0	0	15 150	0	0	0	0
2800 Abattoirs	0	0	0	0	0	0	0	0
2900 Markets	0	0	0	0	0	0	0	0
3000 Airports	0	0	0	0	0	0	0	0
3100 Security Measures	0	0	0	0	0	0	0	0
3110 Civic Land and Buildings	0	0	0	0	0	0	0	0
3120 Other Land and Buildings	0	0	0	0	0	0	0	0
3200 Other	0	0	0	0	0	0	0	0
3300 Sub-total Other Assets	15 150	0	0	15 150	25 620	0	0	25 620
3400 SPECIALISED VEHICLES	0	0	0	0	0	0	0	0
3500 Refuse	0	0	0	0	0	0	0	0
3600 Fire	0	0	0	0	0	0	0	0
3700 Conservancy	0	0	0	0	0	0	0	0
3800 Ambulances	0	0	0	0	0	0	0	0
3900 Buses	0	0	0	0	0	0	0	0
4000 Sub-total Specialised Vehicles	0	0	0	0	0	0	0	0
4010 AGRICULTURAL ASSETS	0	0	0	0	0	0	0	0
4011 Agricultural Assets	0	0	0	0	0	0	0	0
4012 Sub-total Agricultural Assets	0	0	0	0	0	0	0	0
4020 BIOLOGICAL ASSETS	0	0	0	0	0	0	0	0
4021 Biological Assets	0	0	0	0	0	0	0	0
4022 Sub-total Biological Assets	0	0	0	0	0	0	0	0
4030 INTANGIBLES	0	0	0	0	0	0	0	0
4031 Intangibles	0	0	0	0	0	0	0	0
4032 Sub-total Intangibles	0	0	0	0	0	0	0	0
4100 TOTAL	15 150	0	0	15 150	120 932	0	0	120 932
4200 SOURCE OF FINANCE	0	0	0	0	0	0	0	0
4300 External Loans	0	0	0	0	0	0	0	0
4400 Asset Financing Reserve	0	0	0	0	0	0	0	0
4500 Surplus Cash	0	0	0	0	0	0	0	0
4600 Public contributions' donations	0	0	0	0	0	0	0	0
4700 National Government Transfers and Grants	0	15 150	0	15 150	0	0	0	0
4701 Provincial Government Transfers and Grants	0	0	0	0	95 312	0	0	95 312
4702 District Municipality Transfers and Grants	0	0	0	0	25 620	0	0	25 620
4703 Other Transfers and Grants	0	0	0	0	0	0	0	0
4800 Leases	0	0	0	0	0	0	0	0
5000 Other	0	0	0	0	0	0	0	0
5100 TOTAL FINANCING	15 150	0	0	15 150	120 932	0	0	120 932

3. Economic and Environmental Services										4. Trading Services					TOTAL	
	Planning and Development	Road Transport	Environmental Protection	Subtotal	Electricity	Water	Waste Management	Waste Management	Other	Subtotal						
0100 INFRASTRUCTURE	0	139 707	0	139 707	0	0	0	0	0	0	0	0	0	0	139 707	0
0300 Roads, Pavements, Bridges & Storm Water	0	0	0	0	0	543 754	0	0	0	543 754	0	0	0	0	543 754	0
0400 Water Reservoirs & Retention	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0500 Car Parks, Bus Terminals and Taxi Ranks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0600 Electricity Retention	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0700 Sewerage Purification & Retention	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0800 Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0900 Street Lighting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 Refuse sites	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200 Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300 Sub-total Infrastructure	0	139 707	0	139 707	0	3 949 178	0	0	0	3 949 178	0	0	0	0	3 949 178	0
1400 COMMUNITY	0	0	0	0	0	4 492 932	0	0	0	4 492 932	0	0	0	0	4 492 932	0
1500 Establishment of Parks & Gardens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600 Sportsfields	554 545	0	0	554 545	0	0	0	0	0	0	0	0	0	0	554 545	0
1700 Community Halls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800 Libraries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1900 Recreational Facilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	95 312	0
2000 Clinics	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2100 Museums & Art Galleries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2200 Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2300 Sub-total Community	554 545	0	0	554 545	0	0	0	50 595	0	50 595	0	0	0	0	50 595	0
2310 HERITAGE ASSETS	0	0	0	0	0	0	0	50 595	0	50 595	0	0	0	0	700 452	0
2311 Heritage Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2312 Sub-total Heritage Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2320 INVESTMENT PROPERTIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2321 Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2322 Sub-total Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2400 OTHER ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2500 Other motor vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2600 Plant & equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25 620	0
2700 Office equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15 150	0
2800 Abattoirs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2900 Markets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3000 Airports	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3100 Security Measures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3110 Civic Land and Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3120 Other Land and Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3200 Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3300 Sub-total Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3400 SPECIALISED VEHICLES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40 770	0
3500 Refuse	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3600 Fire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3700 Conservancy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3800 Ambulances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3900 Buses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4000 Sub-total Specialised Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010 AGRICULTURAL ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4011 Agricultural Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4012 Sub-total Agricultural Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4020 BIOLOGICAL ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4021 Biological Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4022 Sub-total Biological Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4030 INTANGIBLES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4031 Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4032 Sub-total Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4100 TOTAL	554 545	139 707	0	694 252	0	4 492 932	50 595	0	0	4 543 527	0	0	0	0	5 373 861	0
4100 SOURCE OF FINANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4200 External Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4300 Asset Financing Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4400 Surplus Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4500 Public contributions/ donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4600 National Government Transfers and Grants	554 545	139 707	0	694 252	0	0	0	0	0	0	0	0	0	0	709 402	0
4700 Provincial Government Transfers and Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	543 754	0
4701 District Municipality Transfers and Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	95 312	0
4702 Other Transfers and Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4 025 393	0
4703 Leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4800 Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5000 Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5100 TOTAL FINANCING	554 545	139 707	0	694 252	0	4 492 932	50 595	0	0	4 543 527	0	0	0	0	5 373 861	0

	OPERATING REVENUE	Council	Office	Services	Subtotal	Services	Recreation	Public Safety	Housing	Health	Subtotal
01000	Property Rates	0	7 858 702	0	7 858 702	0	0	0	0	0	0
02000	Property Rates - Penalties And Collection Charges	0	0	0	0	0	0	0	0	0	0
03000	Service Charges	0	0	0	0	25 392	0	0	0	0	25 392
04000	Rent Of Facilities And Equipment	0	51 143	0	51 143	8 315	0	0	0	0	8 315
07000	Interest Earned - External Investments	186 964	0	0	186 964	0	0	0	0	0	0
08000	Interest Earned - Outstanding Debtors	124 257	198 791	0	323 048	0	0	0	60 432	0	60 432
10000	Dividends Received	0	0	0	0	0	0	0	0	0	0
11000	Fines	0	0	0	0	0	0	0	0	0	0
13000	Licenses and Permits	0	0	0	0	0	0	23 100	0	0	23 100
14000	Agency Services	0	0	0	0	0	0	91 040	0	4 703	95 743
15000	Transfers Recognised - Operating	524 565	0	0	0	0	0	0	0	0	0
16100	Transfers Recognised - Capital	1610	192 349	1 107	718 021	107 527	0	63 690	0	344 063	515 280
17000	Other Revenue	7 732	120 888	18 560	147 180	18 099	1 547 138	0	0	0	1 736 678
18000	Gain On Disposal Of Property, Plant & Equipment	0	0	0	0	0	0	1 200	263 243	0	314 860
19000	Total Operating Revenue Generated	862 508	8 439 972	19 667	9 322 147	381 191	1 547 138	179 030	323 675	348 766	2 779 800
20000	Less Revenue Foregone	0	1 498 813	0	1 498 813	0	0	0	0	0	0
21000	Total Direct Operating Revenue	862 508	6 941 159	19 667	7 823 334	381 191	1 547 138	179 030	323 675	348 766	2 779 800
22000	INTERNAL TRANSFERS - (must net out with corresp. items under Interest Received - Internal Loans	0	0	0	0	0	0	0	0	0	0
23000	Internal Recoveries (Activity Based Costing Etc)	0	0	0	0	0	0	0	0	0	0
25000	Dividends Received - Internal (From Municipal Entities)	0	0	0	0	0	0	0	0	0	0
26000	Total Indirect Operating Revenue	0	0	0	0	0	0	0	0	0	0
27000	Total Operating Revenue	862 508	6 941 159	19 667	7 823 334	381 191	1 547 138	179 030	323 675	348 766	2 779 800
28000	OPERATING EXPENDITURE	0	0	0	0	0	0	0	0	0	0
29000	Employee Related Costs - Wages & Salaries	244 061	1 586 281	810 116	2 640 458	1 440 197	75 960	1 056 919	146 262	149 488	2 868 826
30000	Employee Related Costs - Social Contributions	0	0	0	0	0	0	0	0	0	0
31000	Less Employee Costs Capitalised	0	0	0	0	0	0	0	0	0	0
32000	Remuneration Of Councilors	471 365	0	0	471 365	0	0	0	0	0	0
33000	Debt Impairment	0	0	0	0	0	0	0	0	0	0
34000	Collection Costs	0	0	0	0	0	0	0	0	0	0
35000	Depreciation and Asset Impairment	0	0	0	0	0	0	0	0	0	0
37000	Interest Expense - External Borrowings	0	0	0	0	0	0	0	0	0	0
39000	Redemption Payments - External Borrowings (Gamap To Remove)	0	0	0	0	0	0	0	0	0	0
40000	Bulk Purchases	0	0	0	0	0	0	0	0	0	0
41100	Other Materials	8 026	26 246	0	26 246	19 728	0	214 574	0	0	234 302
42000	Contracted Services	11 909	706	26	8 758	88 522	1 237	249 733	0	6 293	345 785
43000	Grants and Subsidies	0	17 530	29 499	25 631	25 631	120 109	0	0	0	145 740
44000	Other Expenditure	2 298 987	4 681 117	418 970	4 681 117	158 402	16 269	88 641	167 219	68 699	383 644
45000	Loss On Disposal Of Property, Plant & Equipment	0	0	0	0	0	0	0	0	0	0
45500	Contributions To/From Provisions	0	0	0	0	0	0	0	0	0	0
46000	Total Direct Operating Expenditure	3 034 348	4 062 898	1 229 112	8 326 358	2 027 483	213 595	1 701 880	313 451	224 480	4 480 919
47000	INTERNAL TRANSFERS - (must net out with corresp. items under Interest - Internal Borrowings	0	0	0	0	0	0	0	0	0	0
48000	Internal Charges (Activity Based Costing Etc)	0	0	0	0	0	0	0	0	0	0
50000	Contributed Assets	0	0	0	0	0	0	0	0	0	0
51000	Total Indirect Operating Expenditure	0	0	0	0	0	0	0	0	0	0
52000	Total Operating Expenditure	3 034 348	4 062 898	1 229 112	8 326 358	2 027 453	213 595	1 701 880	313 481	224 480	4 480 919
53000	SURPLUS										
54000	Operating Surplus / (Deficit) - Total Revenue Less Total Exp	-2 171 840	2 878 261	-1 209 445	-503 024	-1 646 292	1 333 543	-1 522 850	10 194	124 286	-1 701 119
55000	Taxation	0	0	0	0	0	0	0	0	0	0
56000	Operating Surplus / (Deficit) - After Tax	0	0	0	0	0	0	0	0	0	0
57000	Dividends Paid (Municipal Entities Only)	-2 171 840	2 878 261	-1 209 445	-503 024	-1 646 292	1 333 543	-1 522 850	10 194	124 286	-1 701 119
58000	Cross Subsidisation	0	0	0	0	0	0	0	0	0	0
59000	Surplus / (Deficit) After Tax, Cross Subsidies, & Share Of As	0	0	0	0	0	0	0	0	0	0
60000	OTHER ADJUSTMENTS AND TRANSFERS	-2 171 840	2 878 261	-1 209 445	-503 024	-1 646 292	1 333 543	-1 522 850	10 194	124 286	-1 701 119
61000	Asset Financing Reserve (Afr)	0	0	0	0	0	0	0	0	0	0
62000	Housing Development Fund	0	0	0	0	0	0	0	0	0	0
62200	Depreciation Reserve Ex Afr	0	0	0	0	0	0	0	0	0	0
62300	Depreciation Reserve Ex Govt Grants	0	0	0	0	0	0	0	0	0	0
62400	Depreciation Reserve Ex Donations And Contributions	0	0	0	0	0	0	0	0	0	0
62500	Self-insurance Reserve	0	0	0	0	0	0	0	0	0	0
62600	Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
62700	Other	0	0	0	0	0	0	0	0	0	0
62800	Plus Interests In Entities Not Wholly Owned	0	0	0	0	0	0	0	0	0	0
63000	Change To Unappropriated Surplus / (Accumulated Deficit)	-2 171 840	2 878 261	-1 209 445	-503 024	-1 646 292	1 333 543	-1 522 850	10 194	124 286	-1 701 119
67000											

3. Economic and Environmental Services										4. Trading Services										TOTAL	
Planning and Road Development										Environmental Protection										Subtotal	
Operating Revenue										Electricity										Subtotal	
Property Rates										Waste Management										Subtotal	
Other Revenue										Other										Subtotal	
Licences and Permits										Waste Management										Subtotal	
Transfers Recognised - Capital										Other										Subtotal	
Gain On Disposal Of Property, Plant & Equipment										Waste Management										Subtotal	
Total Operating Revenue Generated										Other										Subtotal	
Less Revenue Foregone										Waste Management										Subtotal	
Total Direct Operating Revenue										Other										Subtotal	
INTERNAL TRANSFERS - (must net out with corresp. items under										Waste Management										Subtotal	
Interest Received - Internal Loans										Other										Subtotal	
Internal Recoveries (Activity Based Costing Etc)										Waste Management										Subtotal	
Dividends Received - Internal (From Municipal Entities)										Other										Subtotal	
Total Indirect Operating Revenue										Waste Management										Subtotal	
OPERATING EXPENDITURE										Electricity										Subtotal	
Employee Related Costs - Wages & Salaries										Waste Management										Subtotal	
Less Employee Costs Capitalised										Other										Subtotal	
Remuneration Of Councilors										Waste Management										Subtotal	
Debt Impairment										Other										Subtotal	
Collection Costs										Waste Management										Subtotal	
Depreciation and Asset Impairment										Other										Subtotal	
Interest Expense - External Borrowings										Waste Management										Subtotal	
Redemption Payments - External Borrowings (Gamap To Remove)										Other										Subtotal	
Bulk Purchases										Waste Management										Subtotal	
Other Materials										Other										Subtotal	
Contracted Services										Waste Management										Subtotal	
Grants and Subsidies										Other										Subtotal	
Other Expenditure										Waste Management										Subtotal	
Loss On Disposal Of Property, Plant & Equipment										Other										Subtotal	
Contributions To/From Provisions										Waste Management										Subtotal	
Total Direct Operating Expenditure										Other										Subtotal	
INTERNAL TRANSFERS - (must net out with corresp. items under										Waste Management										Subtotal	
Interest - Internal Borrowings										Other										Subtotal	
Internal Charges (Activity Based Costing Etc)										Waste Management										Subtotal	
Contributed Assets										Other										Subtotal	
Total Indirect Operating Expenditure										Waste Management										Subtotal	
SURPLUS										Other										Subtotal	
Operating Surplus / (Deficit) - Total Revenue Less Total Exp										Waste Management										Subtotal	
Taxation										Other										Subtotal	
Operating Surplus / (Deficit) - After Tax										Waste Management										Subtotal	
Dividends Paid (Municipal Entities Only)										Other										Subtotal	
Cross Subsidisation										Waste Management										Subtotal	
Surplus / (Deficit) After Tax, Cross Subsidies & Share Of As										Other										Subtotal	
OTHER ADJUSTMENTS AND TRANSFERS										Waste Management										Subtotal	
Asset Financing Reserve (A/R)										Other										Subtotal	
Housing Development Fund										Waste Management										Subtotal	
Depreciation Reserve Ex Air										Other										Subtotal	
Depreciation Reserve Ex Govt Grants										Waste Management										Subtotal	
Depreciation Reserve Ex Donations And Contributions										Other										Subtotal	
Self-insurance Reserve										Waste Management										Subtotal	
Revaluation Reserve										Other										Subtotal	
Other										Waste Management										Subtotal	
Plus Interests In Entities Not Wholly Owned										Other										Subtotal	
Change To Unappropriated Surplus / (Accumulated Deficit)										Waste Management										Subtotal	

2.1 DEBTORS ANALYSIS

Debtors Arrears and Payment Levels

Total Debt due as at 31 December 2015	R108 682 694
Less: Current – Accounts been processed	R9 436 380.16
30 Days – Accounts in process of payment	<u>R6 475 435.07</u>
Arrear Debt	R 92 770 879

Average turnover rate (average should be 11.5% - 15%)

As previously stated, the priority of the finance directorate is to ensure that all debt due to the municipality is recovered and that the policy of Council is amended to bring in stringent measures against defaulters.

Analyses of Outstanding Debtors as At 31 December 2015

Detail	0 - 30 Days	31 - 60 days	61 - 90 days	91 - 120 days	Total
Debtors - Age Analysis by income					
`Water Tariffs	2 546 433	1 090 510	1 006 735	19 250 802	23 894 480
`Electricity Tariffs	5 267 221	588 148	420 410	6 183 249	12 459 028
Rates (Property Rates)	7 830 200	1 555 770	1 138 462	24 698 016	35 222 448
Sewerage / Sanitation Tariffs	1 168 686	407 613	369 512	10 072 456	12 018 267
Refuse removal Tariffs	1 228 806	366 364	327 174	9 824 365	11 746 710
Housing (Rental Income)	0	0	0	0	0
RSC Levies	0	0	0	0	0
Other	-2 129 530	271 851	260 360	14 939 081	13 341 762
Total By Income Source	15 911 815	4 280 256	3 522 653	84 967 969	108 682 694
Debtors - Age Analysis by Customer Group					
Government	400 960	219 401	201 882	2 887 100	3 709 344
Business	1 418 416	165 140	75 660	541 298	2 200 513
Households	14 092 439	3 895 715	3 245 111	81 539 571	102 772 837
Other	0	0	0	0	-
Total by Customer Group	15 911 815	4 280 256	3 522 653	84 967 969	108 682 694

2.2 CREDITORS ANALYSIS

Top Ten Creditors:

		OUTSTANDING			
Creditors	Payment	30 Days	60 Days	90 Days +	Total
Ndlambe Local Municipality Transfer	260 740.38	260 740.38			
Ndlambe Investments	100 850.00	100 850.00			
Pennypincher Port Alfred	88 274.12	88 274.12			
Cab Holdings	82 500.00	82 500.00			
Uber Technologies	79 002.00	79 002.00			
Metro Office Automation(PTY)	75 587.31	75 587.31			
Ms Mlamla Building Construction	75 000.00	75 000.00			
Kleine Monde Trust	46 682.45	46 682.45			
First National Bank LTD	44 444.57	44 444.57			
Nashua Eastern Cape	36 539.25	36 539.25			
Total Creditors Outstanding	889 620.08	889 620.08	0.00	0.00	0.00

The current economic climate in the country, as well as the Council's Indigent policy prior to the change thereof, had an influence.

2.2.1 FINANCIAL PERFORMANCE ANALYSIS

CASH MANAGEMENT

Amendments to the credit control and indigent policies were approved by Council during June 2014.

These amendments were communicated to the community before implementation. The effect of these changes on debt collection will only be visible in the second half of the financial year. It is expected that the cash flow position of the municipality will improve as a result of the stricter measures.

Cash on hand		R 2 094 136
Total value of investments	(Annexure 10.2)	R 38 650 619
Total conditional grants		R 78 658 729
Total Loans		

2.3 INVESTMENT ANALYSIS

INVESTMENTS 01 JULY 2015 TO 31 DECEMBER 2015

BANK	BALANCES @ 01/07/2015	WITHDRAWN	TRF TO RETENTION	BANK CHARGES	INVESTED	INT TO CRR ACC	INTEREST REC	BALANCES 30/06/2016
NRB	R 73 921.70	R -						R 73 921.70
FNB	R9 714 700.35	R -		R -	R 908 177.79	R187 320.31	R284 529.53	R 10 720 087.36
STANDARD BANK	R145 360.94	R 1 518 089.24		R-	R 2 730 000.00	R35 990.44	R 46 451.10	R1 367 732.36
INVESTEC	R 13 658 807.32	R 41 496 513.84	R 2 271 048.18	R-	R56 434 363.66	R 684 867.04	R 703 891.67	R 26 344 633.59
OLD MUTUAL SHARES	R 144 978.75	R-	R-	R-	R-	R-	R -735.00	R144 243.75
TOTAL	R 23 737 769.06	R 43 014 603.08	R 2 271 048.18	R -	R60 072 541.45	R908 177.79	R1 034 137.30	R 38 650 618.76

2.4 ALLOCATION AND GRANTS RECEIPTS AND EXPENDITURE AS AT 31 DECEMBER 2015

Grant Name	Funder	Opening Balance 1/07/2014	Grants received for the year	Revenue Recognised - capital- 2025600	Revenue Recognised- operating- 6374000	Adjustment made for the year	Unspent conditional grants at year end per GL
FINANCIAL MANAGEMENT GRANT (FMG)	NATIONAL TREASURY	0	-1 800 000	35 370	1 059 263	0.00	-705 367
MSIG	NATIONAL TREASURY	0	-930 000	-	330 133	0.00	-599 867
E C SPORT: LIBRARY GRANT	DSRAC	-2 950 743	-2 737 000	333 510	851 288	0.00	-4 502 945
LG SETA	SETA	- 14 192	-215 315.48	-	13 834.70	0.00	-215 672
PUBLIC WORKS: EPWP	EPWP	- 7 630	-700 000	689 440	-	0.00	-18 190
EC LOC GOVT: LED SECTION ASSISTANT	COGTA	- 528	-	-	-	0.00	-528
EQUITABLE SHARE: COUNCILLORS ALLOWANCE	DPLG	-	-3 012 000	2 827 602		0.00	-278 542
EQUITABLE SHARE: WARD COMMITTEE	DPLG	-	-600 000	-	109 200	0.00	-490 100
ACCELERATED INFRASTRUCT PROGRAM	DWA	-2 335	-2 395 287.80	2 395 287.80	-	0.00	-2 335

Grant Name	Funder	Opening Balance 1/07/2014	Grants received for the year	Revenue Recognised - capital- 2025600	Revenue Recognised- operating- 6374000	Adjustment made for the year	Unspent conditional grants at year end per GL
MIG:PMU	NATIONAL TREASURY	109 995	-500 000	-	764 879.55	0.00	374 873
MIG:UPGRADE WATER & SEWER	NATIONAL TREASURY	-4 588 478	-14 537 089.15	13 966 603	0-	0.00	-5 158 964
MIG:SPORTSFIELD	NATIONAL TREASURY	83 813	4 821 910	3 569 411	0	0	-1 168 686
TOTAL		-7 499 758	-29 950 903.28	22 162 319	3 128 597.86	0.00	-9 621 392

2.5 COUNCILLORS AND EMPLOYEES BENEFITS

	Budget	YTD Actual	YTD Budget
Salaries	75 142 582	35 311 367	37 571 291
Overtime	1 859 901	3 437 233	929 910
Allowances	2 099 882	1 375 901	1 049 941
Allowances: Telephone	297 345	153 520	148 673
Housing Subsidies	360 003	490 697	180 002
Vehicle Subsidies	2 536 501	1 406 954	1 268 251
Group Insurance	1 157 254	191 411	578 627
Medical Aid	5 540 187	3 676 281	2 770 094
Pension Fund	12 093 059	5 088 720	6 046 530
U.I.F.	748 570	330 071	374 285
Industrial Levy	46 110	20 735	23 055
Uniforms	763 600	183 533	381 800
Casuals	2 261 031	786 589	1 130 516
TOTAL	104 906 025	52 453 013	52 453 013
Councillors Allowances	2 942 435	0	

2.6 OVERTIME

Overtime	2014/2015 Annual Budget <u>Analysis of Overtime</u> R	2015/2016 Ytd Budget R	2015/2016 Ytd Expenditure R	2015/2016 Variance R
Council General	20 000	9 996	0	20 000
Municipal Manager	15 000	7 500	14 516	484
Finance	68 224	34 104	116 675	(48 451)
Corporate Services	0	0	13 096	(13 096)
Infrastructure	35 877	17 934	2 546 824	(2 066 936)
Community Services	1 720 800	860 376	1 634 089	(86 711)

2.7 MATERIAL VARIANCE TO THE SERVICE DELIVERY AND BUDGET IMPLIMENTATION

UNDERSPENDING ON EXPENDITURE-CORPORATE SERVICES DEPARTMENT				
Revenue source and reason for decrease in income	Total Budget as at 31/12/2015	Actual as at 31/12/2015	Variance Amount	Variance Percentage
	(R)	(R)	(R)	%
Building Civic and General	2 282 750	1 114 274	1 168 476	51
Human Resources	2 420 008	643 578	1 776 430	73
Library	2 008 740	932 838	1 075 902	54
Town Secretary	5 503 850	2 341 756	3 162 094	57
Publicity	83 600	0	83 600	100
Customer Relations	131 000	8 662	122 338	93

REASONS FOR THE VARIANCES

Building Civic and General	Certain line items will only be spent in the last two quarters and some line items will need to be adjusted
Human Resources	Underspent due to vacancy, bursary allocation and other votes not used in the last quarter. Adjustment needed
Library	Underspent as library grant was utilised in some areas
Admin / Town Secretary	Some line items were not utilised on general expenses
Publicity	Votes underspent due to misallocation of votes, votes used are from Admin
Customer Relations	Votes are underspent due to the fact that there is no personnel in the organogram and the department is utilising internal staff to do customer relations work who are using admin votes

2.8 CAPITAL PROJECTS IN-PROGRESS**INFRASTRUCTURAL DEVELOPMENT: PROJECTS PROGRESS REPORT FOR THE 2015/2016 FY**

This report is prepared in terms of the Division of Revenue Act as amended in 21 February 2014. The objective of this report is to show the Conditional grant allocations for the 2015/2016 as per the Dora Bill and the progress in terms of the expenditure. This includes in-kind allocations and other grants received from Sector Departments.

Financial progress report as per allocations for the 2014 -2015 Financial Year is as follows:

GRANT	ALLOCATION	BUDGET 2015/2016 FY	EXPENDITURE AS AT DECEMBER 2015	BALANCE	% SPEN T TO DATE	COMMENTS
MIG	R26 487 000	R26 487 000	R14 832 268	R11 654 731.52	56%	Grant will be fully spent by end of June 2016
EPWP	R 1 000 000	R 1 000 000	R 689 440.00	R 310 560 June	69%	Grant will be fully spent by end of 2016
ACIP	R 3 900 000	R 3 900 000	R 2 573 934.45	R1 326 065.55	52%	Grant will be fully spent by end of June 2016
RBIG	R108 253 000	R108 253 000	R 63 978 632	R 44 274 368	41%	Grant will be fully spent by end of June 2016
Bucket	R 46 000 000	R 46 000 000	R 19 534 442.98	R 26 465 557.02	58%	

The slow spending on the capital budget is a concern. Meetings must be held with managers during January 2015 in an attempt to increase capital spending.

CAPITAL PROGRAMME PERFORMANCE

Capital expenditure by month:

July	August	September	October	November	December
R1 763 739	R2 489 920	R1 373 662	R4 475 757	R3 687 475	R5 373 861

Challenges

There have been unanticipated delays to some of the projects for an example the Upgrading of Bulk water supply Project in Bathurst, we could not reach our target as planned and the variance is 3%.The balances shown on the aforementioned schedule are fully committed and are going to be fully spent by end June. Please refer to the attached annexure "a" which details the MIG implementation plan starting from,

On the RBIG allocation also there are challenges, the contractor could not perform and the contract was terminated. It took a very long time to get the project going again. Also the area where the project is implemented is very sensitive in terms of the environment and that causes delays.

2.9 OTHER SUPPORTING DOCUMENTS

2.9.1 ADJUSTMENTS BUDGET

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia for the following:

“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year.

Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”

Accordingly a report on adjustments to the budget will be submitted for consideration by Council before 28 February 2015.

2.9.2 ANNUAL REPORT

The annual report of the 2014/15 financial year will be covered in a separate report to Council and will be tabled in March 2016.

2.9.3 SUPPLY CHAIN MANAGEMENT

Items of income and expenditure with major deviations from the budget are as follows:

Seq	Year	Month	Supplier	Details	Reason per form	R
1	2015	July	UNISA	Fees - V Mfo	None	5 560.00
2	2015	July	NG Gemeente Alexandria	Venue Hire	None	2 700.00
3	2015	July	Manelec Services	Replacement of Flood Lights - Kenton-on-Sea	5	2 356.95
4	2015	July	Times Media Community Newspapers	Advertising - Talk Of The Town	5	4 333.83
5	2015	July	Manelec Services	Electrical Maintenance - Alexandria	None	23 110.06
6	2015	July	Manelec Services	Electrical Maintenance - Alexandria	None	19 135.00
7	2015	July	Manelec Services	Electrical Maintenance - Port Alfred	None	18 850.00
8	2015	July	Manelec Services	Electrical Maintenance - Street Light pole replacement	2	4 332.00
9	2015	July	A T Kanes t/a CUM Civil Survey	Relocating Pegs - Erven 1579 & 1578 Nkwenkwezi	None	1 000.00
10	2015	August	South African Post Office	Postage Stamps	None	3 793.35
11	2015	August	Panasonic Business Systems	Telephone Repairs - Finance & MM Offices	1	2 934.36
12	2015	August	Nemato Spar Tops	Refreshments - Council Meeting	None	1 870.05
13	2015	August	Princes Lodge	Accommodation - M Ncapayi	None	1 390.00
14	2015	August	J L Naude	Refund - Study Payment	None	5 730.00
15	2015	August	Neave Stotter	Consultation Fees - Matter Mr Gaga	None	570.00
16	2015	August	Little Pig	Telephone Installation	None	14 911.00
17	2015	August	N C Booyesen-Willy	Refund - Accommodation Costs	5	560.55
18	2015	August	Speed Services Couriers	Payment of outstanding invoices	None	
19	2015	August	Times Media	Newspapers - Alexandria Library	None	3 019.84
20	2015	August	Government Printing Works	Notice 104/2015 - Closure of Public Place - Erf 319, Alexandria	None	571.80
21	2015	August	Cornerhouse Accommodation	Accommodation - PE - Local Labour Forum	None	11 250.00
22	2015	August	X P Fondini	Transportation of Management - Site Visit - 12/08/2015	5	2 700.00
23	2015	August	National Health Laboratory Service	Analysis - Food Samples	None	3 263.42

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
24	2015	August	Pay Day Software Systems	Seminar & Workshop - IRP5 - East London	2	9 560.00
25	2015	August	Chicory SA	Polyprop Sandbags for flooding	1	9 120.00
26	2015	August	ATK Security	Security Services - Cannon Rocks Hospitality Project	5	15 500.00
27	2015	August	Chamberlain Guest House	AFS Preparation Sessions - East London	None	36 590.00
28	2015	August	Siyanceda Trading Enterprise	Catering & Transportation - Price Difference - Site Visit - 12/08/2015	None	1 245.00
29	2015	August	Hi Tech Security	Security Guard - Marselle Tip	5	14 820.00
30	2015	August	Government Printing Works	Notice - Government Gazette	2	1 143.40
31	2015	September	I-Hire	Plant Hire - Marina Pipe Burst	1	948.00
32	2015	September	Postma & Postma	Electric Motor - Strip, Test & Report	5	1 116.06
33	2015	September	Alex Buyer & Sellers	Material - Water Leaks	1	945.00
34	2015	September	Alex Buyer & Sellers	Material - Water Leaks	1	889.50
35	2015	September	Alex Buyer & Sellers	Material - Water Leaks	1	269.40
36	2015	September	NVN Electrical	Alex Water Pump Repairs	None	790.00
37	2015	September	NVN Electrical	Alex Sewer Pump Repairs	None	750.00
38	2015	September	NVN Electrical	Alex Sewer Pump Repairs	None	675.00
39	2015	September	Mooifontein Quarry	Gravel - Road Repairs - Freestone	1	5 244.00
40	2015	September	Bell Equipment	Warranty Service - Vehicle Not Specified	None	16 604.49
41	2015	September	Bell Equipment	Warranty Service - Vehicle Not Specified	None	12 976.92
42	2015	September	Panasonic Business Systems	Repairs - Faulty Telephone Externsions	None	3 618.36
43	2015	September	Vuyisile Gwintsa	Refund - Accommodation Costs	1	956.00
44	2015	September	IMFO (Institute of Municipal Finance Officers)	Registration Fee	2	7 997.00
45	2015	September	Luthando Nelana	Refund - External Hard Drive for Audit File	1	799.00
46	2015	September	Okuhle Kodwa Caterers	Catering - Joint Oversight EC Meeting	5	750.00
47	2015	September	ATK Security	Security Services - Cannon Rocks Hospitality Project	None	15 500.00
48	2015	September	The Herald	Notices - Staff Vacancies - Conservationist & EHP	None	9 234.00
49	2015	September	Manelec Services	Electrical Maintenance - Callouts - PA, Alex, Thorn Hill	None	18 382.50
50	2015	September	Manelec Services	Electrical Maintenance - Callouts - Wentzel Park & Alex	None	6 155.00

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
51	2015	September	Manelec Services	Electrical Maintenance - Materials - Alexandria	None	7 669.11
52	2015	September	Manelec Services	Electrical Maintenance - Disconnections - PA & Alex	None	28 835.00
53	2015	September	Nelson Mandela Metropolitan University (NMMU)	Registration Fee - P.A. Course - Ms Coltman	5	4 115.00
54	2015	September	E-Travel	Flight - IMFO Conference - Jhb - Mr Dredge & Mr Klaas	5	6 676.00
55	2015	September	Advance Deposits (D'Oreale Grande Hotel)	Accommodation - IMFO Conference - Jhb - Mr Dredge & Mr Klaas	5	19 170.00
56	2015	September	Talisman Hire	Water Pump Hire - Flooding	5	220.00
57	2015	September	Edu-Academy	Study Payment - Mrs N T Donile - Gr 12 Part Time	None	21 846.40
58	2015	September	Institute of Internal Auditors South Africa (IAA)	Conference Registration - L Nelana, P Bhuti	5	5 200.00
59	2015	September	Fort Hare Solutions	CPMD Training - S J Fouche	5	48 500.00
60	2015	September	Multi Security	Security Camera at Stores - Repairs	None	3 107.64
61	2015	September	Talk Of The Town	Notices - Staff Vacancies - Conservationist & EHP	2	1 871.42
62	2015	September	L Maneli-Payi	Refund - Grocery Items for 2 funerals - Dec 2014 & Jan 2015	None	1 394.70
63	2015	September	C B Agencies	Uniforms - Water Meter Readers	None	8 930.76
64	2015	September	Die Tuishuise and Victoria Manor	Accommodation - Cradock - Cllrs	5	3 048.00
65	2015	September	Daily Dispatch	Notices - Staff Vacancies - Manager Town Planning & EHP	None	11 799.00
66	2015	September	Talk Of The Town	Notices - Staff Vacancies - Manager Town Planning & EHP	None	2 478.82
67	2015	September	Colourco Holdings	Bluetreen Cleaning Detergent	2	13 873.80
68	2015	September	Engineering Council of SA	Annual Membership Fee - Mr O Sopela	None	1 244.00
69	2015	September	Wimpy Port Alfred	Lunches - Interview Panel - General Worker Vacancies	5	880.00
70	2015	September	C B Agencies	Uniforms - Water Meter Readers	None	15 893.88
71	2015	September	C B Agencies	Uniforms - Water Meter Readers	None	15 706.92
72	2015	October	NVN Electrical	7,5 Kw Borehole Motor (Ndlovini Pump) - Supply & install	1	18 200.78
73	2015	October	Trolec Winding Services	2.2 Kw Sub Pump (SPCA Sewage) - Strip, test, quote & repair	5	4 867.80
74	2015	October	The Herald	Notice - Vacancy: Conservationist - Beaches & Reserves	None	4 709.34

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
75	2015	October	Talk Of The Town	Notice - Vacancy: Conservationist - Beaches & Reserves	None	1 050.62
76	2015	October	L Maneli-Payi	Refund - Accommodation Costs	None	1 210.80
77	2015	October	S A Post Office	Stamps (Deviation not actually required - per NT Circular)	5	3 793.35
78	2015	October	Setplan	OVVIO Software - Annual Licence Fees	5	94 050.00
79	2015	October	ITR Technology	AMS Fee for software - manage engine - 2 domain controllers	5	7 675.43
80	2015	October	Colourco Holdings	Non-slip floor polish	None	14 968.20
81	2015	October	Empumalanga Trust	Flood work - Harmony Park	None	3 294.60
82	2015	October	Khandikhaya CC	Catering - Public Participation Workshop	None	3 000.00
83	2015	October	Ndlambe Security	Guards for water pump - Ekuphumleni	1	6 703.20
84	2015	October	Dr R N Bolofo	Costs re medical boarding - Mrs Sibejele	None	500.00
85	2015	October	The Herald	Notice - Vacancy: Principal Clerk	None	6 279.12
86	2015	October	Nqola Emasondosondo Consulting (Pty) Ltd	Biopower Cooking Gel and Stoves	None	198 246.00
87	2015	October	Sweet-Orr	Uniforms	None	14 880.80
88	2015	October	C B Agencies	Uniforms	None	24 658.20
89	2015	October	C B Agencies	Uniforms	None	6 249.48
90	2015	October	P & S Consulting Engineers	Medolino Dam plant repairs	1	27 246.00
91	2015	October	Zana Manzi Services	Port Alfred raw water plant - pump repairs	None	11 970.00
92	2015	October	Zana Manzi Services	Kenton-on-Sea - replace contactor - water supply booster pump	1	33 630.00
93	2015	October	Robert Edwin Conferences	Registration Fees - Adv R Dumezweni - Public Sector Lawyers Forum	None	9 688.86
94	2015	October	Lafarge	6mm Chip & Spray	1	13 852.71
95	2015	October	Lafarge	6mm Chip & Spray	1	15 079.64
96	2015	October	Teloc	Vacuum Tanker Hire - Port Alfred	1	104 310.00
97	2015	October	Outdoor Focus	Removal of algae under water - balancing dam	1	4 000.00
98	2015	October	Fort Hare Solutions	Annual fees payment - MFMP Course	None	97 000.00
99	2015	October	Mnyani Civils & General	Sewerage repairs - Marselle library	None	28 700.00

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
100	2015	October	Daily Dispatch	Notice - Vacancies: Seasonal Lifeguards	None	7 866.00
101	2015	October	The Herald	Notice - Vacancies: Seasonal Lifeguards	None	5 263.38
102	2015	October	Multi Security	Alarm System repair - Waster Water Treatment Works	None	570.00
103	2015	October	TaranisCo Advisory CC	Registration	2	2 990.00
104	2015	October	CEOS Technologies	Kaspersky End Point Security licences x 150 - 1 year renewal	5	34 462.34
105	2015	October	ATK Security	Security Guard - Animal Pound - Alexandria	None	11 500.00
106	2015	October	Surveyor-General	Status report for 8 erven - Dept Rural Development & Reform land	2	360.00
107	2015	October	Talk Of The Town	Notice - Upgrading of Marselle sports field	5	1 969.92
108	2015	November	W E Gege	Refund - Pothole damage to vehicle	None	5 040.95
109	2015	November	Whitesides	Legal Services - Gtn representation arranted by Neave Stötter	5	75 827.25
110	2015	November	Novate Hotels t/a MyPond	Conference Facilities - AFS session with AG	5	2 065.00
111	2015	November	N C Booyesen-Willy	Refund - Accommodation Costs	5	560.55
113	2015	November	Phulani General Trading	Truck Hire - Refuse Removal	1	2 600.00
114	2015	November	Radisson Blu - Port Elizabeth	Accommodation - Municipal Manager	5	1 850.55
115	2015	November	Empumalanga Trust	Burst Pipe Repair - Cannon Rocks	1	1 938.00
116	2015	November	Manelec Services	Electrical Maintenance - Disconnections & reconnections - PA & Alex	None	22 555.00
117	2015	November	Northshore Trading 434cc / Volcanik Services	TV Repair - Horseshoe Pump Operator House	2	1 275.00
118	2015	November	Rennies Travel	Difference in costs - Car Hire	None	121.62
119	2015	November	Novate Hotels t/a MyPond	Conference Facilities - AFS adjustment session	5	1 475.00
120	2015	November	The Willow Historical Guest House - Willowmore	Accommodation - Councillors	5	3 460.00
121	2015	November	Phulani General Trading	Truck Hire - Refuse Removal	None	2 600.00
122	2015	November	Phulani General Trading	Truck Hire - Refuse Removal	None	13 000.00
123	2015	November	F Fouche	Accommodation Refund - Amatola Mountain View	None	2 000.00

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
124	2015	November	Pro Tracher Sales (Pty) Ltd	VAT portion omitted - Acquisition of Roller Mower	5	3 500.00
125	2015	November	Lexis Nexis	VAT updates	None	793.44
126	2015	November	Novate Hotels t/a My Pond	Conference Facilities - AFS adjustment session	5	1 475.00
127	2015	November	Barry Reed Contracting	Repairs - TLB differential	None	54 123.70
128	2015	November	NVN Electrical	Materials supplied - Alfred Rd Pump Station repairs	1	405.00
129	2015	November	N C Booyesen-Willy	Refund - fuel filter for Dozer	1	340.94
130	2015	November	ATK Security	Security Guards - Alexandria Animal Pound	None	11 500.00
131	2015	November	E Nqampi	Refund - Accommodation - SUN 1 Hotel	None	1 008.00
132	2015	November	Skills Proficiency Training Solutions	Construction of Waste Shed	5	195 500.00
133	2015	November	Burwana Asphalt Coldmix	Coldmix Premix	5	199 750.00
134	2015	November	Manelec Services	Electrical Maintenance - Alexandria & Port Alfred	None	9 684.78
135	2015	November	Manelec Services	Electrical Maintenance - Street Light pole replacement	2	26 013.00
136	2015	November	Barry Reed Contracting	Bell front end loader - Repairs to front wheel hub	5	68 013.10
137	2015	November	Wildlife Environmental Society SA (WESSA)	Blue Flag application fees	2	78 000.00
138	2015	November	Eugene's Plumbing	Willows Caravan Park - supply & installation of geysers	5	12 240.00
139	2015	November	Bell Equipment	Grader Blade Wearstrips	5	10 244.95
140	2015	November	Fujitsu Services (Pty) Ltd	MFC Cobol Licence - 1 year (2015/2016), 30 users	5	31 686.30
141	2015	November	Colourco Holdings	Cleaning Detergent - Blue Treen	None	13 873.80
142	2015	November	Servelec	Repairs to control panel - Wharf Str Sewage Pump Station	5	16 237.02
143	2015	December	Ndlambe Investments	Street Light repairs	None	245 850.00
144	2015	December	Peugair	Bulldozer repairs	None	8 852.10
145	2015	December	Bell Equipment	TLB strip & quote	None	5 967.00
146	2015	December	Bathurst Butchery	Council Meeting refreshments	None	3 203.50
147	2015	December	Glasfit Port Alfred	Vehicle window repair - M S Mapuma (member of public)	1	650.01
148	2015	December	Almeccode (Pty) Ltd	World Aids Day	None	3 000.00
149	2015	December	Kowie Toyota	Parts to repair 4WD vehicle	None	3 951.18
150	2015	December	Ndlambe Investments	Capex - Electrification of Marselle & Kenton Sports Field buildings	None	326 290.00

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
151	2015	December	ATK Security	Guards for Animal Pound	1	11 500.00
152	2015	December	Signrite N Allsortzz	Chromodek Signage - Rivers	1	23 440.00
153	2015	December	Manelec Services	Repair Kiosk in PA	2	9 682.00
154	2015	December	Manelec Services	Replace faulty meters, disconnections, reconnections, call outs	None	13 175.00
155	2015	December	V H Dell	Bulldozer hire	None	8 339.10
156	2015	December	Times Media	Notice placement	None	393.98
157	2015	December	Whitesides	Legal Services - Gtn representation arranted by Neave Stötter	5	89 224.27
158	2015	December	TWK Agri Ltd	Toilet Hire	5	8 892.00
159	2015	December	S R Tandani	Refund for fuel - private vehicle	5	4 479.06
160	2015	December	V H Dell	Bulldozer hire	None	8 339.10
161	2015	December	I Hire Port Alfred	Pump hire - Marina burst pipe repairs	1	628.00
162	2015	December	Wettest	Reagents for water sampling & testing	1	2 842.00
163	2015	December	Thando Bakaqana	Transport of staff from Kenton - Wellness Day	None	1 200.00

2.9.4 OVERSIGHT REPORT

OVERSIGHT REPORT ON THE 2013/2014 ANNUAL REPORT

Comments/Concerns/Reservations	Recommendation
1. Commitments <ul style="list-style-type: none"> Committee noted that the municipality do not have adequate and complete contract management system in place. Committee noted that the projects and Contract registers are not complete 	Committee recommends that: <ul style="list-style-type: none"> 1.1. The municipality must centralize procurement and establish the Procurement Management Unit. 1.2. Project and Contracts Registers must be centralised and updated regularly by PMU.
2. Irregular Expenditure. <ul style="list-style-type: none"> Committee noted that the municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year. 	Committee recommends that: <ul style="list-style-type: none"> 2.1. The municipality must put adequate systems in place to identify irregular expenditure. 2.2. All identified irregular expenditure must be disclosed adequately in the AFS. 2.3. Actions should be taken against individuals that do not comply with laws, regulations and policies.
3. Inventories <ul style="list-style-type: none"> Committee noted that the municipality did not include the RDP houses as inventory in the AFS. Committee noted that the municipality did not have adequate systems in place to recognise all RDP inventory at year end. 	Committee recommends that: <ul style="list-style-type: none"> 3.1. The RDP houses that are not yet transferred to the owners should be treated in accordance to the requirements of GRAP 12 Inventory. 3.2. There should be systems in place to recognise, verify, and value RDP house by the 30 June 2014.
4. Employee Costs <ul style="list-style-type: none"> Committee noted that the municipality does not have an adopted Remuneration of Vehicle Allowance Policy. 	Committee recommends that: <ul style="list-style-type: none"> 4.1. The municipality must develop and adopt Remuneration of Vehicle Allowance Policy.
5. Material Losses: <ul style="list-style-type: none"> Committee noted that water distributions were not monitored as the municipality does not have bulk 	Committee recommends that: <ul style="list-style-type: none"> 5.1. The municipality should install meters to monitor losses when budget permit. 5.2. An assessment with regards to water losses

water meters to monitor loses.	be conducted and report of this study be presented to council for discussion and a way forward, ie long term maintenance and operational plan
<p>6. General</p> <ul style="list-style-type: none"> • Committee noted that the internal audit unit is under staffed • Committee noted that the was no written representation from ward committees • Committee noted that the was no written representations from councillors • Committee noted that the number of Council meeting should be increase to avoid the convening of Special Council meeting from 4 to 8 meetings. 	<p>Committee recommends that:</p> <p>6.1. The internal audit unit should be capacitated and staffed with human bodies.</p> <p>6.2. All stakeholders should be taken through annual report.</p> <p>6.3. Meetings with the Audit committee should be regular, more purpose driven and outcomes focused.</p> <p>6.4. The AFS should be submitted to the Audit Committee and MPAC first before being forwarded to the Auditor General. This will eliminate errors and ensure quality assurance.</p> <p>6.5. Ward councillors to assist in preparing Ward Committees to understand the Annual Report better.</p> <p>6.6. The comments of the AGSA are fused into the performance contracts of Section 56 & 57 employee's scorecard.</p> <p>6.7. At least four quarterly SDBIP reports should be presented to Council.</p> <p>6.8. The Performance Committee is constituted by councilors who are not members of the Executive Committee.</p> <p>6.9. All major contracts be presented to the Executive Committee and Council as it the case with Bid adjudication and evaluation committees.</p> <p>6.10. Lobby for funding to perform the skills and qualification assessment of the workforce in relation to the jobs that are performed.</p>

CHARTER 3

3.1 PERFORMANCE FRAMEWORK

Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council.

3.2 IMPLEMENTATION OF PERFORMANCE MANAGEMENT

Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers. At present no electronic performance management system is in place which makes implementation a challenge.

3.3 OVERALL SERVICE DELIVERY PERFORMANCE

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
1. Ensure that water is supplied as per DWA Standards	1.1.1. A Revised Water Safety Plan in place and implemented for each water supply system	Water Safety plan in place	Nil-Process	Nil-Process	Draft Water Safety Plan	Water Safety plan in place
	1.1. % increase of indigent households having access to free basic potable water	100%	100%	100%	100%	100%
	1.2. Supply sufficient potable water that meets national compliance standards.	98%	1%	1%	1%	1%
	1.3. % reduction in number of	100%	100%	100%	100%	100%

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets 2015/16	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
	households without potable water					
	1.4. Annual increase achieved in Blue Drop Status	55%	Nil	Nil	Nil	12%
2. Water conservation and demand	2.1. Annual % decrease in water losses.	5%	1,25%	1,25%	1,25%	1,25%
	2.2. Water conservation and water demand management business plan in place and implemented	Approved Plan	Nil- Progress	Nil- Progress	Draft Business Plan	Business Plan in place
3. Ensure the	3.1. % increase of waterborne	55%	5%	2.5%	2.5%	5%

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
availability of waterborne sewerage according to prescribed standards	sewerage installation.	2015/16				
	3.2. Generate funding to provide for 5% increase in waterborne sewerage	MIG Funding Quantum to be spent by financial year end	Bucket eradication and MIG Funding Quantum	Bucket eradication and MIG Funding Quantum	Bucket eradication and MIG Funding Quantum	Bucket eradication and MIG Funding Quantum
	3.3. % increase of households with access to sanitation services	88%	5%	5%	4%	4%
	3.4. % increase of indigent households which have access to free basic sanitation services	100%	100%	100%	100%	100%

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
		2015/16				
	3.5. Revised Waste Water Safety Plans in place for all supply networks and water systems	Waste Water Treatment Safety plan in place	Review process	Review process	Review process	Review process
	3.6. % increase in Green Drop status	26%	0.5%	0.5%	1%	1%
4. Ensure development of integrated human settlements	4.1. Measure implementation against the Housing Sector Operational Plan for the year under review.	100% allocation	15%	50%	60%	100%
5. Improve the quality of	5.1. Roads and Storm Water Management Plan in place	100%	Nil	Draft Roads and storm	Draft Roads and storm water	Roads and storm water

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets 2015/16	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
roads and storm water.	and implemented.			water management plan	management plan	management plan
	5.2. Improve implementation of roads and storm water against % of budget expended	80km of roads and stormwater maintained	20%	20km	20km	20km
6. Ensure access to electricity and/or alternative	6.1. Monitor the provision of electricity according to the existing electricity maintenance plan	100% Maintenance plan in place	Nil	Nil	Draft maintenance plan	Maintenance plan
	6.2. Measures put into place that	100%	Meetings to be	Meetings to be	Meetings to be	Draft partnership

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
energy	explores the partnership mechanism with ESKOM	2015/16 partnership agreement with Eskom, Nersa and DOE reflect partnership and similar goals	held between the four to look at ways of collaboration	held between the four to look at ways of collaboration	held between the four to look at ways of collaboration	agreement with Eskom, Nersa and DOE
	6.3. % increase of households with access to electricity in direct proportion to housing projects implemented	100% of formal urban households to have access to electricity	100% of formal urban households to have access to electricity	100% of formal urban households to have access to electricity	100% of formal urban households to have access to electricity	100% of formal urban households to have access to electricity
	6.4. % increase of indigent households with access to	100% of formal urban	100% of formal urban	100% of formal urban	100% of formal urban	100% of formal urban households

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
	basic electricity service in direct proportion to housing projects coming on-line.	2015/16 households to have access to electricity	households to have access to electricity	households to have access to electricity	households to have access to electricity	to have access to electricity
	6.5. % increase of indigent households with access to free alternative energy sources	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.
7. Utilization and	7.1. Improved turnaround time on approval of land use	100%	7weeks	7weeks	6weeks	6weeks

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
management of available land and buildings in a sustainable manner	applications within statutory frameworks	2015/16				
	7.2. Lease Register compiled and managed	10% of the existing backlog is resolved per quarter.	Update lease register	Update lease register	Update lease register	Update lease register
	7.3. Reduction in number of land use practices/decisions that are not aligned with the applicable regulatory framework	100%	100%	100%	100%	100%
	8.1. Fleet Management Policy in	Adopted Fleet	Fleet policy in	Draft fleet	Draft fleet policy	Draft fleet policy
8. Ensure that						

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
an effective fleet management system is in place	place.	2015/16	policy in place	policy		
			place – non-reviewed			
	8.2. Fleet Maintenance Plan developed and implemented		Non-revised fleet maintenance plan	Non-revised fleet maintenance plan	Non-revised fleet maintenance plan – process started	100%
	8.3. Improved turnaround time in the servicing and repairing of municipal fleet		60%	60%	60%	75%
9. Ensure a	9.1. Improved turnaround time	100%	100%	100%	100%	100%

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
safe and healthy built environment	for approving qualifying building plans within statutory timeframes measured against meeting agendas and minutes of the Building Committee	2015/16				
	9.2. Improved law enforcement of buildings that are not complying to legislative requirements	100%	100%	100%	100%	100%
	10.1. Draft strategy and implementation plan for the provision of access to well-maintained sports and recreational facilities are in	Strategy and plan in place	Conduct research	Circulate draft to Municipal staff for comments	Circulate draft to Municipal stakeholders for comments	Submit draft and plan to Council for adoption
10. Provide recreational and sport facilities to communities						

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
and ensure access to well-maintained facilities	place					
	10.2. Monitor implementation of maintenance of recreational and sports facilities against expenditure targets for this financial year	100%	100%	100%	100%	100%
11. Ensure well maintained gravesites in close proximity to settlements	11.1. Draft Maintenance plan in place for all cemeteries	Maintenance plan in place	Do research on development of maintenance plan	Draft plan completed	Approval of the plan by MM	–
	11.2. Monitor implementation of maintenance plan against	100%	–	–	Monitor implementation	Monitor implementation

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
	expenditure targets for the current financial year	2015/16 Monitoring			plan against expenditure targets	plan against expenditure targets
12. Provide sufficient and affordable solid waste disposal options to communities according to legislative frameworks	12.1. Procure funding to craft a revised integrated waste management plan in the next financial year.	Reports	Follow up on funding requested from SBDM	Follow up on funding requested from SBDM	Arrange a meeting with the SBDM if there has been no progress	Await response from SBDM
	12.2. Monitor implementation against the current schedules relating to waste disposal objectives	Reports	Monitor waste disposal schedule	Monitor waste disposal schedule	Monitor waste disposal schedule	Monitor waste disposal schedule
	13.1.1. Procure funding to craft	Funding	Make follow	Make follow	Make follow ups	Make follow ups
13. Ensure						

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
sustainable utilisation of natural resources according to the existing available legislation and policies	various environmental management plans as prescribed by the AG.	secured	ups with the various departments	ups with the various departments	with the various departments	with the various departments
	13.2. Obtain and maintain Blue Flag International standards of all Blue Flag Beaches	100%	—	Maintain Blue flag status	Maintain Blue flag status	Maintain Blue flag status
	13.3. Protection and management of all natural resources according to the targets set for each operational manager	100%	Advertise for these positions	Selection process	Appointment of the operational managers	Positions filled
14. Improve the environmental health of	14.1. Measure implementation against compliance with standards as provided in	To run an effective Municipal	Monitoring of Municipal Health	Monitoring of Municipal Health	Monitoring of Municipal Health Services	Monitoring of Municipal Health Services as per

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
the area in accordance with environmental health legislation	national legislation	Health services	Services as per SLA	Services as per SLA	as per SLA	SLA
15. Improve road safety in accordance with the National Road Traffic Act	15.1. Required traffic management measures are implemented according to legislation	100%	100% compliant with national legislation	100% compliant with national legislation	100% compliant with national legislation	100% compliant with national legislation
16. Regulate the	16.1. Measures taken to	100%	100%	100%	100% Compliant	100% Compliant

ONE YEAR INSTITUTIONAL SCORECARD 2015/16						
KPA: BASIC SERVICE DELIVERY						
Objective	Key Performance Indicator	Annual Targets	Quarterly Targets			
			Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016
enforcement of by-laws	regularize the enforcement of by-laws	2015/16 Compliant with the Municipal By-laws	Compliant with the Municipal By-laws	Compliant with the Municipal By-laws	with the Municipal By-laws	with the Municipal By-laws
17. Provide fire and disaster management services in terms of National Disaster Management Act and applicable Fire Services legislation	17.1. Draft Fire Emergency implementation plan in place	Fire and Emergency Implementation Plan in Place	Do research on Fire and Emergency Plan	Inform the Public about the Draft	Submit the Draft to the Council for adoption	–
	17.2. Monitor implementation against the Draft Fire and Emergency Plan	80% Monitoring	–	–	–	Monitor implementation against draft fire emergency implementation plan

SUMMARY AND CHALLENGES

Early indications are that the performance against the output and goals of the Service Delivery Budget Implementation Plan (SDBIP) are on track, however, a few projects/programs are lagging behind due to cash flow.

The performance assessments have not yet been conducted for the first two quarters due to assistance been received from external service providers to address the disclaimer opinion issued by the Auditor General on performance information.

QUALITY CERTIFICATE

I, **ROLLY DUMEZWENI** the Municipal Manager of Ndlambe Municipality hereby certify that;

- The monthly budget statements
- Quarterly report on the implementation of the budget and financial state affairs of the Municipality
- Mid – year budget and performance assessment

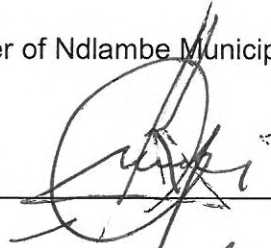
For the month of December of 2015 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

ROLLY DUMEZWENI

Municipal Manager of Ndlambe Municipality

Signature

Date


21 JANUARY 2016.

ANNEXURE E

ANNUAL FINANCIAL STATEMENTS 2015/2016



NDLAMBE LOCAL MUNICIPALITY

**Annual Financial Statements
for the year ended 30 June 2016**

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Legal form of entity	Ndlambe Municipality (EC 105) is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)
Nature of business and principal activities	Local Government
Accounting Officer	R Dumezweni
Business address	47 Campbell Street Port Alfred 6170
Postal address	P O Box 13 Port Alfred 6170
Bankers	First National Bank
Auditors	Auditor General
Jurisdiction	The Ndlambe Municipality includes the following areas: Port Alfred Bathurst Alexandria Kenton-on-sea Cannon-Rocks

DRAFT

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 34
Notes to the Annual Financial Statements	35 - 78

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:

R Dumezweni
Municipal Manager

DRAFT

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in South African Rand

	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Inventories	3	724 378	858 933
Receivables from non-exchange transactions	4	19 674 223	9 619 998
Receivables from exchange transactions	5	13 599 263	23 911 331
Cash and cash equivalents	6	31 355 566	28 720 873
Operating lease asset		43 852	43 852
		65 397 282	63 154 987
Non-Current Assets			
Investment property	8	189 464 492	190 640 951
Property, plant and equipment	9	592 686 148	602 126 211
Intangible assets	10	295 488	439 291
Heritage assets	11	16	16
Other financial assets	12	141 525	144 979
		782 587 669	793 351 448
Total Assets		847 984 951	856 506 435
Liabilities			
Current Liabilities			
Consumer deposits	14	1 749 301	1 700 733
Payables	15	45 228 501	49 638 118
Unspent conditional grants and receipts	16	4 495 230	9 182 638
VAT payable	17	5 801 585	5 037 302
Financial liabilities - DBSA	18	1 990 300	4 370 239
Operating lease liability	7	26 105	26 105
Employee benefit obligation	19	1 815 300	1 590 000
Provisions	20	3 787 630	1 696 616
		64 893 952	73 241 751
Non-Current Liabilities			
Financial liabilities - DBSA	18	13 891 090	15 404 512
Employee benefit obligation	19	70 920 672	47 775 000
Provisions	20	21 795 784	22 454 111
		106 607 546	85 633 623
Total Liabilities		171 501 498	158 875 374
Net Assets		676 483 453	697 631 061
Net Assets			
Accumulated surplus		676 483 453	697 631 061

* See Note 45

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in South African Rand

	Note(s)	2016	2015 Restated*
Revenue			
Property rates	21	76 545 466	68 004 287
Service charges	22	103 274 883	96 319 695
Government grants & subsidies	23	116 114 212	104 534 447
Rendering of services (burial fees)		215 266	179 577
Rental of facilities and equipment		1 268 027	1 192 233
Licences and permits		3 599 730	3 957 916
Rental income		2 464	4 038
Other income	24	3 133 915	2 807 086
Interest received	25	8 571 267	7 341 694
Public contributions and donations		-	33 926 611
Fines, Penalties and Forfeits		455 795	606 110
Total revenue	26	313 181 025	318 873 694
Expenditure			
Employee related costs	27	(129 746 992)	(100 508 288)
Remuneration of councillors	28	(6 037 307)	(5 608 728)
Depreciation and amortisation	29	(36 186 657)	(35 209 392)
Impairment loss/ Reversal of impairments		-	(195 312)
Finance costs	30	(2 011 577)	(2 461 170)
Lease rentals on operating lease		(2 696 676)	(2 453 603)
Debt Impairment	31	(18 389 965)	(16 731 643)
Repairs and maintenance		(12 704 349)	(12 342 291)
Bulk purchases	33	(50 807 018)	(46 761 962)
Contracted services		(15 203 436)	(20 516 371)
Renewable Energy Programmes		(169 000)	(3 875 721)
Transfers and Subsidies	34	(830 173)	(865 294)
General Expenses	35	(55 979 562)	(39 737 157)
Total expenditure		(330 762 712)	(287 266 932)
Operating (deficit) surplus		(17 581 687)	31 606 762
Loss on disposal of assets and liabilities		(1 358 954)	(501 924)
Fair value adjustments	36	(2 206 967)	2 815 242
		(3 565 921)	2 313 318
(Deficit) surplus for the year		(21 147 608)	33 920 080

* See Note 45

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in South African Rand	Note(s)	Accumulated surplus	Total net assets
Opening balance as previously reported		669 171 882	669 171 882
Adjustments			
Prior period errors	45	(5 460 901)	(5 460 901)
Balance at 01 July 2014 as restated*		663 710 981	663 710 981
Changes in net assets			
Surplus for the year		33 920 080	33 920 080
Total changes		33 920 080	33 920 080
Restated* Balance at 01 July 2015		697 631 061	697 631 061
Changes in net assets			
Surplus for the year		(21 147 608)	(21 147 608)
Total changes		(21 147 608)	(21 147 608)
Balance at 30 June 2016		676 483 453	676 483 453

DRAFT

* See Note 45

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in South African Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Rates and Services		167 537 997	143 943 320
Government Grants and Subsidies		116 114 212	104 534 447
Interest income		8 571 267	7 341 694
Other receipts		3 589 710	3 413 196
		<u>295 813 186</u>	<u>259 232 657</u>
Payments			
Employee costs		(135 784 299)	(106 117 016)
Suppliers		(124 703 970)	(110 551 143)
Finance costs		(2 011 577)	(2 461 170)
		<u>(262 499 846)</u>	<u>(219 129 329)</u>
Net cash flows from operating activities	37	<u>33 313 340</u>	<u>40 103 328</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(26 785 285)	(28 545 206)
Purchase of other intangible assets	10	-	(209 898)
Net cash flows from investing activities		<u>(26 785 285)</u>	<u>(28 755 104)</u>
Cash flows from financing activities			
Movement in Long term Liabilities		(3 893 362)	(3 898 542)
Net cash flows from financing activities		<u>(3 893 362)</u>	<u>(3 898 542)</u>
Net increase/(decrease) in cash and cash equivalents		<u>2 634 693</u>	<u>7 449 682</u>
Cash and cash equivalents at the beginning of the year		28 720 873	21 271 191
Cash and cash equivalents at the end of the year	6	<u>31 355 566</u>	<u>28 720 873</u>

* See Note 45

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in South African Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	133 475 983	-	133 475 983	103 274 883	(30 201 100)	48.1
Rendering of services	216 944	-	216 944	215 266	(1 678)	48.2
Rental of facilities and equipment	4 283 558	-	4 283 558	1 268 027	(3 015 531)	
Licences and permits	4 510 301	-	4 510 301	3 599 730	(910 571)	48.3
Rental income	5 712	-	5 712	2 464	(3 248)	48.4
Other income - (rollup)	3 122 011	-	3 122 011	3 133 915	11 904	48.5
Interest received - investment	6 959 923	-	6 959 923	8 571 267	1 611 344	48.6

Total revenue from exchange transactions	152 574 432	-	152 574 432	120 065 552	(32 508 880)	
---	--------------------	----------	--------------------	--------------------	---------------------	--

Revenue from non-exchange transactions

Taxation revenue

Property rates	95 310 344	-	95 310 344	76 545 466	(18 764 878)	47.8
----------------	------------	---	------------	------------	--------------	------

Transfer revenue

Government grants & subsidies	55 953 561	21 647	55 975 208	116 114 212	60 139 004	47.9
Fines, Penalties and Forfeits	714 341	-	714 341	455 795	(258 546)	47.11

Total revenue from non-exchange transactions	151 978 246	21 647	151 999 893	193 115 473	41 115 580	
---	--------------------	---------------	--------------------	--------------------	-------------------	--

Total revenue	304 552 678	21 647	304 574 325	313 181 025	8 606 700	
----------------------	--------------------	---------------	--------------------	--------------------	------------------	--

Expenditure

Personnel	(107 273 842)	(384 931)	(107 658 773)	(129 746 992)	(22 088 219)	47.12
Remuneration of councillors	(5 954 435)	-	(5 954 435)	(6 037 307)	(82 872)	47.13
Administration	(45 350)	-	(45 350)	-	45 350	
Alternative energy programmes	-	-	-	(169 000)	(169 000)	
Depreciation and amortisation	(4 434 138)	-	(4 434 138)	(36 186 657)	(31 752 519)	47.14
Finance costs	(2 754 320)	-	(2 754 320)	(2 011 577)	742 743	47.16
Lease rentals on operating lease	(2 961 470)	72 789	(2 888 681)	(2 696 676)	192 005	47.17
Bad debts written off	(16 581 223)	-	(16 581 223)	(18 389 965)	(1 808 742)	47.18
Repairs and maintenance	(19 171 377)	480 179	(18 691 198)	(12 704 349)	5 986 849	47.19
Bulk purchases	(49 892 344)	10 000	(49 882 344)	(50 807 018)	(924 674)	47.20
Contracted Services	(14 741 123)	305 000	(14 436 123)	(15 203 436)	(767 313)	47.21
Transfers and Subsidies	(1 098 500)	-	(1 098 500)	(830 173)	268 327	47.22
General Expenses	(50 573 532)	6 699	(50 566 833)	(55 979 562)	(5 412 729)	47.24

Total expenditure	(275 481 654)	489 736	(274 991 918)	(330 762 712)	(55 770 794)	
--------------------------	----------------------	----------------	----------------------	----------------------	---------------------	--

Operating deficit	29 071 024	511 383	29 582 407	(17 581 687)	(47 164 094)	
--------------------------	-------------------	----------------	-------------------	---------------------	---------------------	--

Loss on disposal of assets and liabilities	172 095	-	172 095	(1 358 954)	(1 531 049)	47.25
--	---------	---	---------	-------------	-------------	-------

Fair value adjustments	5 750	-	5 750	(2 206 967)	(2 212 717)	47.26
------------------------	-------	---	-------	-------------	-------------	-------

	177 845	-	177 845	(3 565 921)	(3 743 766)	
--	----------------	----------	----------------	--------------------	--------------------	--

Deficit before taxation	29 248 869	511 383	29 760 252	(21 147 608)	(50 907 860)	
--------------------------------	-------------------	----------------	-------------------	---------------------	---------------------	--

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in South African Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	29 248 869	511 383	29 760 252	(21 147 608)	(50 907 860)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus informs as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. They are significantly affected by a number of factors, including economic.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 & 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for post retirement obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	50 Years
Plant and machinery	Straight line	15 Years
Motor vehicles	Straight line	5 - 15 Years
Office equipment	Straight line	3 - 5 Years
IT equipment	Straight line	3 - 5 Years
Community	Straight line	10 - 30 Years
Electricity Network	Straight line	20 - 30 Years
Roads	Straight line	20 Years
Wastewater network	Straight line	20 Years
Water network	Straight line	20 Years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Intangible assets (continued)

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents (funds and call accounts)	Financial asset measured at amortised cost
Cash and cash equivalents (notice accounts)	Financial asset measured at amortised cost
Other financial assets	Financial asset at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables	Financial liability measured at amortised cost
DBSA Loan	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Inventories (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality uses:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Provisions and contingencies (continued)

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Conditional grants and receipts

Receipts of conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.28 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognized elsewhere in the financial statements.

At the end of each financial period the municipality determines commitments in respect of capital expenditure that has been approved and contracted for.

1.29 Material Losses (Water and Electricity)

Water and electricity losses are required to be disclosed as part of the material loss disclosure of the MFMA Section 125. Losses are calculated on the following basis -

Nr of units of lost supply, being the difference between what was supplied and what has been sold at the per unit tariff rate.

The unit tariff rate, in the case of electricity being the lower rate of Kwh as charged per council and in the case of water the lowest rate per Kl (Incl VAT).

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
-------------------------------	------	------

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> GRAP 18: Segment Reporting 	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> GRAP 20: Related parties 	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> GRAP 32: Service Concession Arrangements: Grantor 	01 April 2016	The impact of the amendment is not material.
<ul style="list-style-type: none"> GRAP 108: Statutory Receivables 	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset 	01 April 2016	The impact of the amendment is not material.
<ul style="list-style-type: none"> GRAP 16 (as amended 2015): Investment Property 	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> GRAP 17 (as amended 2015): Property, Plant and Equipment 	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> GRAP 109: Accounting by Principals and Agents 	01 April 2017	The impact of the amendment is not material.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

• GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
• GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the amendment is not material.

3. Inventories

Electrical spares	3 216	1 354
Game	57 000	54 000
Maintenance materials	134 751	174 283
Water	82 486	82 251
Stores, materials and fuels	446 925	547 045
	724 378	858 933

No inventories were written down to net realisable value.

Game is held for recreational purposes in a form of viewing of game at the reserves by the public. These animals are held for the enjoyment of the public and not for resale. It is not the intention of the municipality to trade in wildlife and as such these animals have not been recognised as Biological assets.

Game is measured at the lower of cost or current replacement cost.

4. Receivables from non-exchange transactions

Rates	30 292 372	28 549 537
Provision for Impairment - Non exchange receivables	(14 380 379)	(22 728 885)
Deposits	70 500	70 500
Recoverable legal expenses	207 437	207 437
Staff taxes to SARS refundable	281 121	281 121
Recoverable fruitless and wasteful expenditure	119 058	119 058
Housing sundry	215	-
Environmental levies	3 053 555	3 121 230
	19 674 223	9 619 998

The deposits are made up of an amount of R58 000 paid to Eskom for street lighting and R12 500 paid to Kenton on Sea Garage for a petrol deposit

Fruitless and wasteful expenditure comprises of an amount refundable from NG Ngesi, former Municipal Manager, for the acknowledgement of debt made by him for laptops paid for by the municipality but never delivered.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

Trade and other receivables which are past due but are not considered to be impaired as at 30 June 2016, R10 294 241 (2015: R4 155 582) were past due but not impaired.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(22 728 855)	(11 980 169)
Reversals /(Contributions) to allowance for impairment	4 691 050	(11 919 661)
Bad Debts written off against allowance	3 657 456	1 170 975
	(14 380 349)	(22 728 855)

None of the financial assets have been renegotiated in the past financial year.

5. Receivables from exchange transactions

Gross balances

Electricity	13 224 314	11 948 641
Water	20 480 621	19 663 391
Waste water	1 259 604	1 222 814
Sewerage	8 719 896	9 014 741
Refuse	9 984 621	10 311 309
Housing rental	303 162	284 660
Service charges and other	8 948 994	11 855 925
	62 921 212	64 301 481

Less: Allowance for impairment

Impairment allowance	(49 321 949)	(40 390 150)
----------------------	--------------	--------------

Net balance

Electricity	13 224 314	11 948 641
Water	20 480 621	19 663 391
Waste water	1 259 604	1 222 814
Sewerage	8 719 896	9 014 741
Refuse	9 984 621	10 311 309
Housing rental	303 162	284 660
Service charges and other	8 948 994	11 855 925
Impairment allowance	(49 321 949)	(40 390 150)
	13 599 263	23 911 331

Reconciliation of allowance for impairment

Balance at beginning of the year	(40 390 150)	(48 380 696)
Contributions to allowance	(23 084 853)	(4 811 952)
Debt impairment written off against allowance	14 153 054	12 802 498
	(49 321 949)	(40 390 150)

None of the financial assets have been renegotiated in the last year.

Consumer debtors past due but not impaired

Consumer debtors past due but are not considered to be impaired as at 30 June 2016, R15 630 743 (2015: R 14 380 932) were past due but not impaired.

Consumer debtors impairment process

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

5. Receivables from exchange transactions (continued)

In estimating the provision for debt impairment a means test was performed. The test entailed plotting each debtor's outstanding amount (including their payment history over the past financial year) and physical address on a GIS system. The following type of debtors were eliminated from the calculation:

- Indigents - these were impaired in full
- All government related debt - these should all be recoverable
- Debtors paying within 30 days - these were not considered to be doubtful
- Debtors settling their accounts monthly, although late - these were not considered to be doubtful
- Debtors with properties in affluent suburbs - these debtors are able to settle their accounts and were not considered to be doubtful

The outstanding amounts after the elimination of the above were considered to be impaired and were included in the provision for bad debt impairment.

DRAFT

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand 2016 2015

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 211	5 111
Bank balances	7 223 029	10 196 893
Short-term deposits	24 127 326	18 518 869
	31 355 566	28 720 873

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
FIRST NATIONAL BANK - General Account - Current	-	3 993 015	6 496 669	-	8 363 961	4 597 511
FIRST NATIONAL BANK - Housing Account - Current	-	1 152 054	5 153 010	-	1 606 071	1 152 188
FIRST NATIONAL BANK - Revolving Account - Current	300 847	226 861	178 760	300 847	226 861	178 760
FIRST NATIONAL BANK CRR Call Acc	5 463 843	3 450 668	1 928 284	5 463 843	3 450 068	1 928 284
FIRST NATIONAL BANK Fixed Deposit Acc (DBSA)	3 124 438	3 124 438	5 909 686	3 124 438	3 124 438	5 909 686
FIRST NATIONAL BANK Call Account (Eskom)	3 139 594	3 139 594	-	3 139 594	3 139 594	-
STANDARD BANK Notice Account	153 685	145 361	138 465	153 685	145 361	138 465
STANDARD BANK Call Account (004)	1 290	-	-	1 290	-	-
STANDARD BANK Call Account (003)	28 332	-	-	28 790	-	-
STANDARD BANK Call Account (006)	1 140 011	-	-	1 140 011	-	-
STANDARD BANK Call Account (007)	675 000	-	-	675 000	-	-
INVESTEC BANK Internal Funds (502) Call Acc	4 136 047	1 950 924	90 251	4 136 047	1 950 924	90 251
INVESTEC BANK FMG (503) Call Account	345	101 924	-	-	101 924	-
INVESTEC BANK Essential oils (504) Call Acc	329 260	319 056	695 969	329 260	319 056	695 969
INVESTEC BANK Vuna Awards (505) Call Acc	2 840	2 840	9 469	2 840	2 840	9 469
INVESTEC BANK Chicory (506) Call Acc	895 564	1 194 637	1 267 250	895 564	1 194 637	1 367 250
INVESTEC BANK MSIG (507) Call Acc	-	706	414 700	-	706	414 700
INVESTEC BANK DME (509) Call Acc	-	3 133	322 629	-	3 133	322 629
INVESTEC BANK IDP Process (510) Call Acc	13 818	18 036	18 037	13 818	18 064	18 064
INVESTEC BANK EC Sport (511) Call Acc	3 735 375	3 272 562	2 495 678	3 735 375	3 272 562	2 495 678
INVESTEC BANK LG SETA (512) Call Acc	22 364	16 771	399 210	22 364	16 771	399 210
INVESTEC BANK Fire Officer (513) Call Acc	-	3 387	300 622	-	3 387	300 622
INVESTEC BANK EPWP (514) Call Acc	8 355	44 664	68 476	8 355	44 664	68 476

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand				2016	2015
6. Cash and cash equivalents (continued)					
INVESTEC BANK	528	4 730	45 144	528	4 730
LED Section Ass (515) Call Acc					
INVESTEC BANK	824 243	1 209 299	842 481	824 243	1 209 299
MIG Sewer (517) Call Acc					
INVESTEC BANK	17 733	12 473	8 509	17 733	12 473
MIG Sport Field (518) Call Acc					
INVESTEC BANK	-	-	15 309	-	-
IDP Support (519) Call Acc					
INVESTEC BANK	-	-	208 542	-	-
South Seas (520) Call Acc					
INVESTEC BANK	192	192	7 062	192	192
Water Cons Audit (521) Call Acc					
INVESTEC BANK	6 640	4 381	1 195	6 640	4 381
PMU (522) Call Acc					
INVESTEC BANK	188 464	200 082	-	188 464	200 082
Prep Water Meter (523) Call Acc					
INVESTEC BANK	52 082	131 608	-	52 082	131 608
LED Initiative (524) Call Acc					
INVESTEC BANK	167 168	167 401	-	167 168	167 401
Greenest Town (525) Call Acc					
Total	24 428 058	23 890 797	27 015 407	24 428 171	28 715 188

The municipality has a guarantee with FNB in favour of the Department of Mineral and Energy Affairs for an amount of R45 622.

The municipality has a guarantee with Eskom in favour of the Department of Minerals and Energy Affairs for an amount of R1 024 929.

7. Operating lease asset & liability

Current assets	43 852	43 852
Current liabilities	(26 105)	(26 105)
	17 747	17 747

Operating lease liabilities result from operating leases where the municipality is the lessor and have straight lined the rental income over the period of the lease in accordance with GRAP 13.

Operating lease assets result from operating leases where the municipality is the lessee and have straight lined the rental expenditure over the period of the lease in accordance with GRAP 13.

8. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	157 280 000	(1 176 459)	156 103 541	157 280 000	-	157 280 000
Buildings	34 247 903	(886 952)	33 360 951	34 247 903	(886 952)	33 360 951
Total	191 527 903	(2 063 411)	189 464 492	191 527 903	(886 952)	190 640 951

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
-------------------------------	------	------

8. Investment property (continued)

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Land	157 280 000	-	157 280 000
Buildings	33 360 951	(1 176 459)	32 184 492
	190 640 951	(1 176 459)	189 464 492

Reconciliation of investment property - 2015

	Opening balance	Additions	Depreciation	Total
Land	157 280 000	-	-	157 280 000
Buildings	1 189 319	32 706 302	(534 670)	33 360 951
	158 469 319	32 706 302	(534 670)	190 640 951

Pledged as security

No investment property is pledged as security.

Note that the 2014/15 additions figure represents assets donated to the municipality and as thus is not reflected as a cash outflow on the Cash Flow Statement.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Rental revenue received on Investment properties

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	-	49 270
Direct operating expenses from non-rental generating property	-	49 388

9. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	82 260 691	-	82 260 691	82 260 691	-	82 260 691
Buildings	104 282 992	(30 041 112)	74 241 880	106 389 287	(27 948 373)	78 440 914
Plant and machinery	9 654 449	(5 256 189)	4 398 260	9 366 749	(4 118 778)	5 247 971
Motor vehicles	28 997 596	(20 345 383)	8 652 213	28 070 802	(18 285 083)	9 785 719
Office equipment	6 890 593	(4 959 696)	1 930 897	6 835 453	(4 487 058)	2 348 395
Work in progress	41 946 585	-	41 946 585	33 562 801	-	33 562 801
Wastewater network	159 350 843	(45 109 672)	114 241 171	148 747 262	(40 601 846)	108 145 416
Water network	159 749 292	(115 027 764)	44 721 528	159 385 259	(106 320 566)	53 064 693
Roads	402 381 902	(249 794 235)	152 587 667	396 580 691	(239 387 172)	157 193 519
IT equipment	4 334 027	(3 127 732)	1 206 295	4 229 979	(2 665 569)	1 564 410
Electricity network	138 550 210	(72 051 249)	66 498 961	138 550 210	(68 038 528)	70 511 682
Total	1 138 399 180	(545 713 032)	592 686 148	1 113 979 184	(511 852 973)	602 126 211

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	WIP Transfer In/(Out)	Depreciation	Total
Land	82 260 691	-	-	-	-	82 260 691
Buildings	78 440 914	-	(1 344 973)	207 599	(3 061 660)	74 241 880
Plant and machinery	5 247 971	287 700	-	-	(1 137 411)	4 398 260
Motor vehicles	9 785 719	926 794	-	-	(2 060 300)	8 652 213
Office equipment	2 348 395	61 352	(673)	-	(478 177)	1 930 897
IT equipment	1 564 410	149 231	(13 308)	-	(494 038)	1 206 295
Electricity network	70 511 682	-	-	-	(4 012 721)	66 498 961
Work in progress	33 562 801	24 031 118	-	(15 647 334)	-	41 946 585
Roads	157 193 519	1 088 903	-	4 712 308	(10 407 063)	152 587 667
Wastewater network	108 145 416	-	-	10 603 583	(4 507 828)	114 241 171
Water network	53 064 693	240 187	-	123 844	(8 707 196)	44 721 528
	602 126 211	26 785 285	(1 358 954)	-	(34 866 394)	592 686 148

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	WIP Transferred In/(Out)	Depreciation	Impairment loss	Total
Land	82 260 691	-	-	-	-	-	82 260 691
Buildings	67 938 375	3 992 139	-	9 046 940	(2 536 540)	-	78 440 914
Plant and machinery	5 485 334	847 556	(14 667)	-	(1 070 252)	-	5 247 971
Motor vehicles	10 010 466	1 790 387	(1 574)	-	(2 013 560)	-	9 785 719
Office equipment	1 681 503	1 075 196	(8 870)	-	(399 434)	-	2 348 395
IT equipment	1 979 455	181 967	(84 955)	-	(512 057)	-	1 564 410
Electricity network	40 849 694	33 333	-	32 963 035	(3 334 380)	-	70 511 682
Work in progress	75 730 812	17 634 748	-	(59 802 759)	-	-	33 562 801
Roads	159 041 438	993 690	(345 599)	8 599 874	(11 095 884)	-	157 193 519
Wastewater network	100 968 704	2 320 109	(53 568)	8 739 948	(3 829 777)	-	108 145 416
Water network	61 646 874	896 390	-	452 962	(9 736 221)	(195 312)	53 064 693
	607 593 346	29 765 515	(509 233)	-	(34 528 105)	(195 312)	602 126 211

Pledged as security

No assets have been pledged as security.

Note that the 2014/15 additions figure for Property, plant and Equipment contains moveable assets donated to the municipality and as thus is not reflected as a cash outflow on the Cash Flow Statement.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	780 605	(485 117)	295 488	780 605	(341 314)	439 291

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer software	439 291	(143 803)	295 488

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	377 572	209 898	(1 562)	(146 617)	439 291

11. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	16	-	16	16	-	16

Reconciliation of heritage assets 2016

	Opening balance	Total
Conservation areas	16	16
	16	16

Reconciliation of heritage assets 2015

	Opening balance	Total
Conservation areas	16	16

Age and/or condition of heritage assets

The following information relating to age and/or condition of heritage assets is provided for better appreciation:

The heritage assets disclose below are registered with the National Heritage Council as being historically significant.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
-------------------------------	------	------

11. Heritage assets (continued)

Restrictions on heritage assets

The heritage assets, disclose below have restrictions in terms of their disposal due to the fact that they are registered with the National Heritage Council and therefore cannot and will not be disposed of in the course of operations of the municipality.

Carrying value of heritage assets with restrictions:

Conservation Areas	16	16
Disposal restriction due to registration at National Heritage council		

12. Other financial assets

Designated at fair value

Listed shares	141 525	144 979
Old Mutual shares are held at fair value determined as the quoted market value.		

Total other financial assets	141 525	144 979
-------------------------------------	----------------	----------------

Non-current assets

Designated at fair value	141 525	144 979
--------------------------	---------	---------

13. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

Financial liabilities

2015

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	32 453 525	32 453 525
Other receivables from non-exchange transactions	5 225 325	5 225 325
Cash and cash equivalents	23 424 332	23 424 332
	61 103 182	61 103 182

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

Financial instruments disclosure (continued)

Financial liabilities

14. Consumer deposits

Electricity	1 463 611	1 465 899
Water	285 690	234 834
	1 749 301	1 700 733

15. Payables

Trade payables	10 632 371	19 511 184
Payments received in advance	3 122 083	2 966 963
Accrued leave pay	4 689 009	4 273 091
13th cheque accrual	2 499 070	2 361 487
Accrued expense	9 712 790	7 031 824
Deposits received	793 382	794 615
Other payables	26 145	21 411
Unidentified direct deposits	5 786 136	4 953 217
Retention monies	2 535 769	1 493 370
SALA Pension Fund	2 110 351	3 005 133
Human Settlements	3 321 395	3 225 823
	45 228 501	49 638 118

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

IDC Chicory	854 454	1 175 026
DWAF: ACIP	2 335	2 335
SBDM: Drought Relief grants	34 222	34 222
MIG	(1 922 746)	4 394 669
MSIG	41	-
LED: Essential Oils	327 511	348 697
LED: Section Assistant	528	528
LED: Vuna Awards	2 839	2 839
EC Sports/Arts and culture	3 442 169	2 950 743
LG SETA	19 957	14 192
CBDM: IDP Dev Support	2 923	18 029
DME	506	506
SBDM: IDP Support	(15 468)	(15 468)
EPWP: Public Works	(7 623)	(7 630)
LED: Initiative	45 352	127 058
Flood Disaster Damage grant	(54 706)	(54 706)
EC: Eco: 2nd Place Greenest Town	-	166 280
SBDM: Drinking Water Safety Plan	14 641	14 641
SBDM: T&C Brickworks Project	10 485	10 485
SBDM: Drought Relief	-	-
DWAF: Water and Sewer Audit	192	192
IDC: Ndlambe Economic Dev Infra	-	-
Ndlambe Waste Management	1 062 618	-
LED KaapRiver	675 000	-
	4 495 230	9 182 638

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

16. Unspent conditional grants and receipts (continued)

The liability relates to unfulfilled conditions and other contingencies attached to government assistance that has been recognised. Expenditure on grants was made in terms of the relevant conditions and no grant funding was withheld during the year

See note 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

17. VAT payable

VAT refunds payable	5 801 585	5 037 302
---------------------	-----------	-----------

18. Financial liabilities - DBSA

At amortised cost

DBSA Loan 102198	-	1 681 127
10 years @ 10.89%		
DBSA Loan 101161/2	5 685 363	6 015 077
20 years @12.34%		
DBSA Loan 13478/101	3 253 044	3 183 327
20 years @17%		
DBSA Loan 101855	-	1 322 598
10 years @ 9.68%		
DBSA Loan 102557/1	6 942 983	7 572 622
15 years @ 8.81%		
	15 881 390	19 774 751

Total other financial liabilities

15 881 390	19 774 751
-------------------	-------------------

Non-current liabilities

At amortised cost	13 891 090	15 404 512
-------------------	------------	------------

Current liabilities

At amortised cost	1 990 300	4 370 239
-------------------	-----------	-----------

19. Employee benefit obligations

Defined benefit plan

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Post retirement medical aid plan

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

19. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(49 365 000)	(47 694 000)
Benefits paid during the year	1 860 551	1 494 000
Current service costs	(2 986 000)	(2 730 000)
Interest Costs	(4 586 000)	(4 321 000)
Actuarial (Loss)/Gain	(17 659 523)	3 886 000
Present value of the defined benefit obligation-wholly unfunded	(72 735 972)	(49 365 000)
Non-current liabilities	(70 920 672)	(47 775 000)
Current liabilities	(1 815 300)	(1 590 000)
	(72 735 972)	(49 365 000)

The municipality's based estimate of the contributions expected to be paid to the plan after reporting date is 2016: R1 815 300.
(2015: R1 590 000)

Net expense recognised in the statement of financial performance - Employee costs

Current service cost	2 986 000	2 730 000
Interest cost	4 586 000	4 321 000
Actuarial (gains) / losses	17 659 523	(3 886 000)
Benefits paid	(1 860 551)	(1 494 000)
	23 370 972	1 671 000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.18%	Yield Curve
Expected rate of return on assets (Net discount rate)	0.82%	Difference between Nominal and Yield Curve CPI + 1%
Expected rate of return on reimbursement rights	8.29% or CPI+1.5%	Yield Curve Based
Actual return on reimbursement rights	0.82%	
Average retirement age	60	63

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
-------------------------------	------	------

19. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on defined benefit obligation	84 652 000	63 069 000
Effect on Interest costs	5 397 000	3 933 000
Effect on Service costs	3 736 000	2 408 000

Amounts for the current and previous four years are as follows:

	2016 R	2015 R	2014 R	2013 R	2012 R
Defined benefit obligation	(72 735 972)	(49 365 000)	(47 694 000)	(50 794 000)	(49 642 001)

DRAFT

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

20. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Fair Value adjustment	Current service costs	Interest costs	Benefits paid	Actuarial gain	Total
Environmental rehabilitation	18 621 727	2 203 512	-	-	-	-	20 825 239
Long service awards	5 529 000	-	692 000	508 000	(591 000)	(1 379 825)	4 758 175
	24 150 727	2 203 512	692 000	508 000	(591 000)	(1 379 825)	25 583 414

Reconciliation of provisions - 2015

	Opening Balance	Fair Value adjustment	Current service costs	Interest costs	Benefits paid	Actuarial gain	Total
Environmental rehabilitation	21 426 678	(2 804 951)	-	-	-	-	18 621 727
Long service awards	5 503 000	-	683 000	441 000	(230 312)	(867 688)	5 529 000
	26 929 678	(2 804 951)	683 000	441 000	(230 312)	(867 688)	24 150 727

Non-current liabilities

Current liabilities

21 795 784	22 454 111
3 787 630	1 696 616
25 583 414	24 150 727

Environmental rehabilitation provision

Ndlambe Municipality operates 10 landfill sits which by law will have to be permitted and closed in accordance with the "Minimum Requirements" and in accordance with the Environment Conservation Act. (Act 73 of 1989). Closure will involve, inter alia, the application of final cover, topsoiling, vegetating, drainage maintenance and leachate management.

Closure of the landfill sites are dependant on a number of external factors, such as amongst others, waste minimisation and population changes.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
-------------------------------	------	------

20. Provisions (continued)

Long service awards

Ndlambe offers long service bonus awards to active employees, the amount of which is dependent on the annual salary of the employee. Councillors are not eligible for this benefit and were not taken into account. The award comprises of percentage of their annual salary as well as additional leave days to employees at the end of the specified time period.

21. Property rates

Rates received

Property rates	76 545 466	68 004 287
----------------	------------	------------

Valuations

All	12 641 310 513	12 714 132 910
-----	----------------	----------------

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an monthly basis.

22. Service charges

Sale of electricity	56 296 669	51 162 026
Sale of water	27 119 647	26 199 388
Sewerage and sanitation charges	7 470 233	7 220 042
Refuse removal	12 350 437	11 588 461
Other service charges	37 897	149 778
	103 274 883	96 319 695

DRAFT

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

23. Government grants and subsidies

Revenue - Conditions met on operating portion of grant expenditure

Unconditional Equitable Share Grant	68 127 093	57 263 000
Unconditional:Equitable share: Cllrs&Ward Contributions	3 612 000	3 447 000
Financial Management Grant	1 442 327	1 447 622
Municipal Systems Improvement Grant(MSIG)	929 959	934 000
LGSETA Grants	295 384	351 825
Municipal Infrastructure Grant	1 326 038	1 077 871
Health subsidies	1 376 252	1 303 820
LED Grants	423 464	1 635 644
Library Grant (DESRAC)	1 732 509	1 252 508
Accelerated Community Infrastructure Programme	3 188 262	214 024
EC Econ Greenest Town	44 885	-
SBM Unconditional Grant Revenue	40 000	115 550
	82 538 173	69 042 864

Revenue - Conditions met on capital portion of grants

Financial Management Grant (Capital)	357 673	352 403
Sarah Baartman District Mun(SBDM) Grants(Capital)	15 106	748 486
EC Economic Ndlambe Wastewater	74 382	-
Municipal Infrastructure Grant (Capital)	30 435 973	24 099 475
Intergrated National Elect Grant(INEG)(Capital)	-	1 038 000
Library Grant (DESRAC) (Capital)	513 065	556 085
Accelerated Community Infrastructure Prog(Capital)	1 058 452	7 564 622
Expanded Public Works Prog Grant (EPWP) (Capital)	999 993	998 792
EC Econ Greenest Town	121 395	133 720
	33 576 039	35 491 583
	116 114 212	104 534 447

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	43 689 587	100 619 396
Unconditional grants received	-	56 929 809
	43 689 587	157 549 205

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. In the current financial year, an amount of R4,2 million was withheld from Equitable Share, this was due to a misclassification error made in the prior period published Annual Financial Statements. This classification error has been corrected in the 2014/15 comparative figures as disclosed in note 45, as the grant was fully utilised as at 30 June 2014.

IDC Chicory

Balance unspent at beginning of year	1 175 026	1 260 627
Current year receipts	-	-
Conditions met - transferred to revenue	(320 572)	(85 601)
	854 454	1 175 026

Conditions still to be met - remain liabilities (see note 15). Funding conditions were for the production of chicory, the funding is used for that as we do soil preparations for the upcoming chicory planting season that will be in October.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

23. Government grants and subsidies (continued)

DWA (ACIP)

Balance unspent at beginning of year	2 335	2 334
Current-year receipts	4 246 714	7 778 646
Conditions met - transferred to revenue	(4 246 714)	(7 778 645)
	2 335	2 335

Conditions still to be met - remain liabilities (see note 16)

SBDM: Drought Relief grants

Balance unspent at beginning of year	34 222	34 222
Current-year receipts	-	-
	34 222	34 222

Conditions still to be met - remain liabilities (see note 16)

MIG

Balance unspent at beginning of year	4 394 669	6
Current-year receipts	26 487 000	30 799 000
Conditions met - transferred to revenue	(31 762 016)	(25 175 689)
Retention	(1 042 399)	-
	-	(1 228 648)
	(1 922 746)	4 394 669

Conditions still to be met - remain liabilities (see note 16)

MSIG

Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(929 959)	(934 000)
	41	-

Conditions on MSIG grant are met.

LED: Essential Oils

Balance unspent at beginning of year	348 697	727 993
Current-year receipts	-	-
Conditions met - transferred to revenue	(21 186)	(379 296)
	327 511	348 697

Conditions still to be met - remain liabilities (see note 16)

Funding conditions were to plant essential Oils with special focus on Rose Geranium, Chamomile and Lavender, however this proved to be un-viable and change of scope was requested from the funder (DEDEA) for a more economic viable activity, chicory was identified and as in the same way with IDC Chicory, funding will be used in soil preparations for the upcoming planting season of chicory in October.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

23. Government grants and subsidies (continued)

LED: Section Assistant

Balance unspent at beginning of year	528	30 377
Current-year receipts	-	112 000
Conditions met - transferred to revenue	-	(141 849)
	528	528

Conditions still to be met - remain liabilities (see note 16)

LED: Vuna Awards

Balance unspent at beginning of year	2 839	9 469
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(6 630)
	2 839	2 839

Conditions still to be met - remain liabilities (see note 16)

The conditions were that funds are spent on SMME / Enterprise development targeting women business enterprises. The remain balance will be spent on sourcing fabric for the sewing pro

EC Sports/Arts and Culture

Balance unspent at beginning of year	2 950 743	2 022 336
Current-year receipts	2 737 000	2 737 000
Conditions met - transferred to revenue	(2 245 574)	(1 808 593)
	3 442 169	2 950 743

Conditions still to be met - remain liabilities (see note 16)

LG SETA

Balance unspent at beginning of year	14 192	328 409
Current-year receipts	301 149	37 608
Conditions met - transferred to revenue	(295 384)	(351 825)
	19 957	14 192

Conditions still to be met - remain liabilities (see note 16)

SBDM: Fire Officers grant

Balance unspent at beginning of year	-	249 227
Current-year receipts	-	375 000
Conditions met - transferred to revenue	-	(624 227)
	-	-

Conditions still to be met - remain liabilities (see note 16)

SBDM: IDP Dev Support

Balance unspent at beginning of year	18 029	18 029
Conditions met - transferred to revenue	(15 106)	-
	2 923	18 029

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

23. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 16)

DME

Balance unspent at beginning of year	506	38 506
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	(1 038 000)
	506	506

Conditions still to be met - remain liabilities (see note 16)

SBDM: IDP Support

Balance unspent at beginning of year	(15 468)	(15 468)
--------------------------------------	----------	----------

Conditions still to be met - remain liabilities (see note 16).

EPWP: Public Works

Balance unspent at beginning of year	(7 630)	(8 839)
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(999 993)	(998 791)
	(7 623)	(7 630)

Conditions still to be met - remain liabilities (see note 16).

FMG

Balance unspent at beginning of year	-	25
Current-year receipts	1 800 000	1 800 000
Conditions met - transferred to revenue	(1 800 000)	(1 800 025)
	-	-

The FMG grant conditions are met

LED: Initiative

Balance unspent at beginning of year	127 058	-
Current-year receipts	-	350 000
Conditions met - transferred to revenue	(81 706)	(222 942)
	45 352	127 058

Conditions still to be met - remain liabilities (see note 16).

Funding was for economic initiatives that seek to improve the livelihood and economic material of the local people. The funding remaining will be used to used in line with this condition, considering that it is such initiatives that create employment in the area.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
23. Government grants and subsidies (continued)		
Flood Disaster Damage grant		
Balance unspent at beginning of year	(54 706)	(54 706)
Conditions still to be met - remain liabilities (see note 16).		
EC: Eco 2nd Place Greenest Town		
Balance unspent at beginning of year	166 280	-
Current-year receipts	-	300 000
Conditions met - transferred to revenue	(166 280)	(133 720)
	-	166 280
Conditions still to be met - remain liabilities (see note 16).		
SBDM: Drinking Water Safety Plan		
Balance unspent at beginning of year	14 641	14 641
Current-year receipts	-	-
	14 641	14 641
Conditions still to be met - remain liabilities (see note 16).		
SBDM: T&C Brickworks Project		
Balance unspent at beginning of year	10 485	39 487
Conditions met - transferred to revenue	-	(29 002)
	10 485	10 485
Conditions still to be met - remain liabilities (see note 16)		
Bricks Project/ T&C Bricks, the funding was for the sourcing of the brick machinery which was acquired and the balance was for inputs like crusher dust, sand and cement. The balance is being used for this purpose.		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

23. Government grants and subsidies (continued)

DWAF: Water and Sewer Audit

Balance unspent at beginning of year	192	1 850
Conditions met - transferred to revenue	-	(1 658)
	192	192

Conditions still to be met - remain liabilities (see note 16).

SBDM: South Seas Poultry Project

Balance unspent at beginning of year	-	146 180
Conditions met - transferred to revenue	-	(146 180)
	-	-

Conditions on South Seas grant are met.

Ndlambe Waste Management

Current-year receipts	1 137 000	-
Conditions met - transferred to revenue	(74 382)	-
	1 062 618	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

LED KaapRiver

Current-year receipts	675 000	-
-----------------------	---------	---

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (2014/2015), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

24. Other income

Admission fees	20 765	19 629
Building plan fees	1 064 156	1 036 886
Camping fees	209 827	157 996
Encroachments	2 522	2 485
Event application fees	13 388	13 673
Sundry fees	359	20 220
Sale of game	-	450 541
Insurance claim refund	564 027	248 869
Pit inspection fees	(134)	-
Refuse bags sold	16 859	19 503
River usage	423 689	182 233
Sundry income	569 545	380 286
Subdivisions	13 266	51 870
Town planning income	152 658	171 030
Valuation rolls	82 988	51 865
	3 133 915	2 807 086

25. Interest Received

Interest revenue

Bank	2 068 403	1 630 826
Interest charged on trade and other receivables	6 502 864	5 710 868
	8 571 267	7 341 694

26. Revenue

Service charges	103 274 883	96 319 695
Property rates	76 545 466	68 004 287
Government grants & subsidies	116 114 212	104 534 447
Rental of facilities and equipment	1 268 027	1 192 233
Burial services	215 266	179 577
Licences and permits	3 599 730	3 957 916
Rental income	2 464	4 038
Other income	3 133 915	2 807 086
Interest received - investment	8 571 267	7 341 694
Public contributions and donations	-	33 926 611
Fines, Penalties and Forfeits	455 795	606 110
	313 181 025	318 873 694

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	103 274 883	96 319 695
Burial services	215 266	179 577
Rental of facilities and equipment	1 268 027	1 192 233
Licences and permits	3 599 730	3 957 916
Rental income	2 464	4 038
Other income	3 133 915	2 807 086
Interest received - investment	8 571 267	7 341 694
	120 065 552	111 802 239

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

26. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	76 545 466	68 004 287
----------------	------------	------------

Transfer revenue

Government grants & subsidies	116 114 212	104 534 447
-------------------------------	-------------	-------------

Public contributions and donations	-	33 926 611
------------------------------------	---	------------

Fines, Penalties and Forfeits	455 795	606 110
-------------------------------	---------	---------

193 115 473	207 071 455
--------------------	--------------------

27. Employee related costs

Basic	66 431 682	63 354 366
-------	------------	------------

Bonus	137 583	311 336
-------	---------	---------

Allowances	3 138 218	3 102 437
------------	-----------	-----------

Post-employment benefits	35 248 697	13 673 206
--------------------------	------------	------------

Medical aid - company contributions	7 709 332	6 761 734
-------------------------------------	-----------	-----------

UIF	661 517	629 692
-----	---------	---------

WCA	403 962	292 926
-----	---------	---------

SDL	856 211	791 859
-----	---------	---------

Leave pay provision charge	415 918	17 660
----------------------------	---------	--------

Overtime payments	9 222 700	7 233 434
-------------------	-----------	-----------

Car allowance	2 760 908	2 692 424
---------------	-----------	-----------

Housing benefits and allowances	990 394	360 194
---------------------------------	---------	---------

Group insurance	394 771	321 827
-----------------	---------	---------

Industrial levy	41 673	39 899
-----------------	--------	--------

Casuals	1 333 426	925 294
---------	-----------	---------

129 746 992	100 508 288
--------------------	--------------------

Remuneration of Municipal Manager

Annual Remuneration	957 274	883 767
---------------------	---------	---------

Car Allowance	175 986	175 986
---------------	---------	---------

Performance Bonuses	49 917	66 645
---------------------	--------	--------

Telephone allowance	15 535	15 535
---------------------	--------	--------

Other (Allowance, UIF, Medical, Pension, etc)	203 312	189 972
---	---------	---------

13th Cheque	72 833	67 399
-------------	--------	--------

Leave pay	78 645	71 259
-----------	--------	--------

1 553 502	1 470 563
------------------	------------------

Remuneration of Chief Finance Officer

Annual Remuneration	732 979	672 391
---------------------	---------	---------

Car Allowance	180 861	180 861
---------------	---------	---------

Performance Bonuses	41 583	11 104
---------------------	--------	--------

Telephone allowance	21 304	21 304
---------------------	--------	--------

Other (Allowance, UIF, Medical, Pension, etc)	255 285	227 776
---	---------	---------

13th Cheque	55 399	50 775
-------------	--------	--------

Leave pay	56 518	50 997
-----------	--------	--------

1 343 929	1 215 208
------------------	------------------

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

2016

2015

27. Employee related costs (continued)

Remuneration of the Director: Infrastructural Development

Annual Remuneration	552 026	369 218
Car Allowance	240 000	164 000
Performance Bonuses	37 591	20 000
Telephone allowance	36 000	27 000
Other (Allowance, UIF, Medical, Pension, etc)	203 478	168 767
13th Cheque	40 823	40 156
Leave pay	28 326	18 360
	1 138 244	807 501

Remuneration of the Director: Corporate Services

Annual Remuneration	684 984	630 331
Car Allowance	144 000	144 000
Performance Bonuses	37 501	20 027
Telephone allowance	12 000	12 000
Other (Allowance, UIF, Medical, Pension, etc)	234 606	166 625
13th Cheque	51 912	47 837
Leave pay	69 143	46 515
	1 234 146	1 067 335

Remuneration of the Director: Community and Protection Services

Annual Remuneration	632 062	578 204
Car Allowance	180 000	180 000
Performance Bonuses	37 438	29 990
Telephone allowance	24 000	24 000
Other (Allowance, UIF, Medical, Pension, etc)	185 526	173 439
13th Cheque	47 540	43 531
Leave pay	63 618	44 544
	1 170 184	1 073 708

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
28. Remuneration of councillors		
Councillors (refer to table below)	6 037 307	5 608 728
Councillors		
Executive Mayor	799 744	760 179
Speaker	355 931	336 946
Executive Member: S.B Funde	334 086	316 158
Executive Member: M. Mateti	334 083	316 158
Executive Member: L.R Schenk	334 996	317 364
K.C Ncamiso	312 950	295 964
G.G Cannon	249 320	236 375
T.L.E Khoathani	248 656	235 506
Z. Ngxingo	248 656	235 506
N.T Donile	249 320	236 375
J.P Guest	249 320	236 375
T. Mazana	249 320	236 375
J.M Cowley	249 320	236 375
M.J Tarentaal	249 235	236 375
S. Venene	249 320	236 097
N. Xhasa	249 320	236 375
C. Meterlekamp	249 320	236 375
P.P Faxi	249 320	236 157
M.E Msimang	248 659	235 506
K. Daweti	248 730	197 619
	5 959 606	5 610 160
In-kind benefits		
The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of a separate Council owned vehicle for official duties.		
29. Depreciation and amortisation		
Property, plant and equipment	34 866 394	34 586 362
Investment property	1 176 460	534 670
Intangible assets	143 803	88 360
	36 186 657	35 209 392
30. Finance costs		
Non-current borrowings	2 011 577	2 461 170
31. Debt impairment		
Contribution to debt impairment provision	18 389 965	16 731 643
32. Auditors' remuneration		
Fees	4 508 197	4 297 564

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
33. Bulk purchases		
Electricity	39 553 866	36 222 137
Water	11 253 152	10 539 825
	50 807 018	46 761 962
34. Grants and subsidies paid		
Other subsidies		
Grants and subsidies paid	830 173	856 424
Grants in Aid	-	8 870
	830 173	865 294

DRAFT

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
35. General expenses		
Administration	-	51 348
Advertising	143 386	176 505
Auditors remuneration	4 508 197	4 297 564
Bank charges	345 092	367 066
Boat decals	7 440	7 018
Bursaries	95 360	79 320
Campaigns	72 840	175 555
Chemicals	1 456 616	1 316 852
Commission paid	3 047 286	419 495
Communication programmes	178 973	9 144
Consulting and professional fees	821 237	884 514
Donations	140 005	134 656
Election expenses	8 800	945
Electricity	9 389 835	8 467 339
Entertainment	72 913	47 918
Environmental levy expense	1 492 205	642 761
Flowers	750	1 134
Fuel and oil	4 535 173	4 638 160
Hiring expenses	704 220	42 986
IT support	46 584	45 338
Indigent expenses	2 143 685	-
Insurance	1 758 086	1 864 104
Job creation	1 001 355	1 879 704
LED SMME Support	180 868	744 503
Motor vehicle licensing	331 255	287 922
Operating Grant Expenditure	10 206 791	6 864
Other expenses	1 889 363	1 227 285
PMS review process	14 016	99 219
Postage and courier	1 018 950	369 080
Printing and stationery	439 274	970 288
Refuse	34 185	81 787
Security (Guarding of municipal property)	1 733 922	1 077 147
Sewerage and waste disposal	267 615	229 905
Special Programmes	293 189	175 501
Staff welfare	36 288	42 630
Stock/Fuel loss	16 725	60 783
Subscriptions and membership fees	1 135 281	996 228
Telephone and fax	1 752 945	1 832 807
Tourism development	419 737	436 000
Training	455 177	1 201 345
Transport (Workshop)	58 000	79 983
Transport and freight	16 080	13 366
Travel - local	1 890 803	1 763 818
Uniforms	850 640	862 911
Valuation expenses	447 875	363 738
Water services authority expenditure	270 074	1 178 836
Water testing	250 471	85 785
	55 979 562	39 737 157
36. Fair value adjustments		
Other financial assets		
• Old Mutual shares	(3 454)	10 290
Provisions - Landfill rehabilitation		
• FV adjustment to Landfill rehabilitation provision	(2 203 513)	2 804 952
	(2 206 967)	2 815 242

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
37. Cash generated from operations		
(Deficit) surplus	(21 147 608)	33 920 080
Adjustments for:		
Depreciation and amortisation	36 186 657	35 209 392
Loss (gain) on sale of assets and liabilities	1 358 954	501 924
Fair value adjustments	2 206 967	(2 815 242)
Impairment deficit	-	195 312
Debt impairment	18 389 965	16 731 643
Movements in retirement benefit assets and liabilities	23 370 972	1 671 000
Movement in provisions	(774 280)	36 291
Receipt of assets - Non-exchange	-	(33 926 611)
Changes in working capital:		
Inventories	134 555	(59 182)
Receivables from non-exchange transactions	(6 164 921)	(11 415 405)
Decrease/(increase) in receivables from exchange transactions	(11 967 201)	(16 170 693)
(Increase)/Decrease in Other receivables from exchange transactions	3 454	(10 290)
Payables	(4 409 617)	9 969 398
(Decrease)/Increase in VAT	764 283	1 871 672
Unspent conditional grants and receipts	(4 687 408)	4 337 933
Consumer deposits	48 568	65 800
(Decrease)/Increase in Lease Liability	-	(9 694)
	33 313 340	40 103 328
38. Commitments		
Authorised capital expenditure		
Approved and contracted		
• Property, plant and equipment	8 563 380	29 679 257
Authorised by accounting officer, but not yet contracted for		
• Property, plant and equipment	-	4 394 669
Total capital commitments		
Already contracted for but not provided for	8 563 380	29 679 257
Not yet contracted for and authorised by accounting officer	-	4 394 669
	8 563 380	34 073 926
This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	143 210	168 225
- in second to fifth year inclusive	39 996	183 206
	183 206	351 431

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
38. Commitments (continued)		
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	423 123	418 958
- in second to fifth year inclusive	1 224 445	1 309 132
- later than five years	-	338 436
	1 647 568	2 066 526

Certain of the municipality's buildings are held to generate rental income. Lease agreements are non-cancellable and have terms from 3 to 20 years. There are no contingent rents receivable.

39. Contingent liabilities

Est. Late Bethe vs Ndlambe LM- Defamation claim - Legal proceedings have been instituted against the municipality with regards to a defamation claim instituted by the Est Late of Mr. Bethe. The claim against the municipality is for R1 000 000 although the outflow is not considered likely due to the claimant having passed away.

Badenhorst vs Ndlambe LM - A legal claim was instituted against the municipality as the claimant maintains that he is not provided with access to his plot by the municipality. The claim was is to the extent of R800 000 and there is no indication of the timing of the potential outflow.

Ndanza Pty(Ltd) vs Ndlambe LM - The claimant has instituted legal proceedings against the municipality to re-institute tender processes. The financial effect of this cannot be estimated.

Campbell and Shelton vs Ndlambe LM- The claimant has instituted proceedings to suspend all approvals for building development on wetland area in Port Alfred. The financial effect of this cannot be determined.

KOSRA vs Ndlambe LM - Legal proceedings have been instituted against the municipality regarding the state of the landfill site at Kenton-on-Sea and to put measures in place to rectify the state of the landfill. The financial effect of this cannot be estimated as the financial claim has not been made.

Litigation is in the process against the municipality relating to various matters. The total estimated potential liability to the municipality at 30 June 2016 is R2 100 000 (2015: R1 800 000).

Contingent assets

Legal proceedings have been ongoing in the last number of years relating to royalties payable to council for the Kowie Quarry. The proceedings however have not yielded any outcome or resulted in any financial inflows to the municipality. As the matter is still sub judice any amount receivable cannot be assessed as being virtually certain and therefore the amount has not been disclosed as a contingent asset.

40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
41. Unauthorised expenditure		
Opening balance	54 052 990	16 435 547
Unauthorised expenditure incurred during the year	42 270 484	37 617 443
	96 323 474	54 052 990

EXPENDITURE PER VOTE

	2016 Actual	2016 Budget	2016 Variance	2016 Unauthorised
EXECUTIVE AND COUNCIL	62 458 957	35 856 037	26 602 920	26 602 920
MUNICIPAL MANAGER	9 063 090	9 125 249	(62 159)	-
FINANCE BUDGET AND TREASURY	30 238 884	28 369 379	1 869 505	1 869 505
FINANCE - SUPPLY CHAIN	1 372 046	1 647 023	(274 977)	-
CORPORATE SERVICES	10 371 928	10 092 698	279 230	279 230
WASTE MANAGEMENT	13 257 201	26 623 033	(13 365 832)	-
COMMUNITY AND SOCIAL SERVICES	32 799 307	37 647 621	(4 848 314)	-
HOUSING	7 581 364	8 999 453	(1 418 089)	-
ELECTRICITY	63 739 211	64 252 351	(513 140)	-
WATER	41 520 108	44 567 351	(3 047 243)	-
WASTE WATER MANAGEMENT	16 189 962	24 713 985	(8 524 023)	-
TECHNICAL	59 796 202	46 277 373	13 518 829	13 518 829
	-	-	-	-
	348 388 260	338 171 553	10 216 707	42 270 484

EXPENDITURE PER VOTE

	2015 Actual	2015 Budget	2015 Variance	2015 Unauthorised
EXECUTIVE AND COUNCIL	38 642 665	27 750 250	10 892 415	10 892 415
MUNICIPAL MANAGER	8 623 484	8 155 065	468 419	468 419
FINANCE BUDGET AND TREASURY	28 945 825	20 541 976	8 403 849	8 403 849
FINANCE - SUPPLY CHAIN	1 237 850	1 275 364	(37 514)	-
CORPORATE SERVICES	10 011 960	9 119 618	892 342	892 342
WASTE MANAGEMENT	6 234 538	26 029 274	(19 794 736)	-
COMMUNITY AND SOCIAL SERVICES	29 068 451	33 240 962	(4 172 511)	-
HOUSING	6 165 554	6 828 211	(662 657)	-
ELECTRICITY	62 326 077	68 846 125	(6 520 048)	-
WATER	38 876 116	39 684 173	(808 057)	-
WASTE WATER MANAGEMENT	18 682 382	16 911 917	1 770 465	1 770 465
TECHNICAL	50 747 001	35 557 048	15 189 953	15 189 953
	-	-	-	-
	299 561 903	293 939 983	5 621 920	37 617 443

The above unauthorised expenditure has been calculated on the determination of a "vote" as defined the MFMA which states - "vote" means -

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand		2016	2015
42. Irregular expenditure			
Opening balance		198 318 810	158 652 204
Add: Irregular Expenditure - current year (Supply Chain Management regulations not adhered to)		74 143 314	39 666 606
		272 462 124	198 318 810
Details of irregular expenditure – current year			
Supply Chain Management Regulation and/or Policy deviations	Disciplinary steps taken/criminal proceedings Items have been referred to MPAC for investigation and the need for criminal proceedings to be determined		74 143 314
- Lack of supportin documentation	Goods and/or services were received in all		
- Deviations not in accordance with S36 of SCM regulations	instances and none of these payments were made in vain.		
43. Additional disclosure in terms of Municipal Finance Management Act			
Contributions to organised local government			
Opening balance		998 995	870 662
Current year subscription / fee		1 234 681	1 029 231
Amount paid - current year		(1 129 560)	(900 898)
		1 104 116	998 995
Non-compliance with MFMA			
During the year the following instance of non-compliance with the MFMA occurred:			
<ul style="list-style-type: none"> Suppliers not paid in 30 days; Reporting to Organisations of State & AGSA not submitted within timeframes; Spending without council approved budgeted; Not adhering SCM regulations; Systems and Procedures not effective and efficient; and Staff not reaching the required competencies. Systems not established in terms of Section 44 to resolve disputes with organs of State 			
Audit fees			
Opening balance		449 679	120 682
Write off		-	(103 795)
Expense - current year		4 898 317	6 481 287
Expense paid		(5 329 466)	(6 048 495)
		18 530	449 679
PAYE and UIF			
Amount paid - current year		11 545 789	9 944 987
Pension and Medical Aid Deductions			
Amount paid - current year		29 319 212	26 135 432
VAT			
VAT payable		5 801 585	5 037 302
VAT output payables and VAT input receivables are shown in note 17.			

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand	2016	2015
-------------------------------	------	------

43. Additional disclosure in terms of Municipal Finance Management Act (continued)

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

Councillors did not have any arrear accounts outstanding or outstanding for more than 90 days at 30 June 2015:

For th year ending 30 June 2016 Councillors did not have arrear accounts outstanding for more than 90 days.

Supply chain management regulations - Deviations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Section 36(1)(a)(i) - Emergency	871 491	411 386
Section 36(1)(a)(ii) - Sole Supplier	292 038	435 047
Section 36(1)(a)(v) - Impractical / Impossible (other)	14 037 784	29 654 195
	15 201 313	30 500 628

44. Related parties

Related party balances

Receivables

Department of Roads & Public Works	788 092	3 872 202
Department of Health	249 521	656 970
Department of Agriculture	72 848	84 041
Department of Education	746 329	477 715

Related party transactions

Revenue

Department of Health	687 999	565 436
Provincial Department of Roads & Public Works	1 939 108	789 547
National Department of Public Works	1 664 741	1 083 893
Department of Education	609 974	308 724
Department of Agriculture	112 349	95 163

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

45. Prior period errors

During the 2015/16 financial year, the comparative figures for the 2014/15 financial year have been restated in accordance with GRAP 3. The variances in terms of the Statement of Financial Position as well as Statement of Financial Performance have been disclosed below along with reasons for the prior period errors.

The correction of the error(s) results in adjustments as follows

2015 Closing balance / 2016 Opening balances				
Statement of Financial Position	Previously reported	Adjustment	As restated	Reference
Receivables from Non-exchange Transactions	11 149 541	(1 529 543)	9 619 998	1
Receivables from Exchange Transactions	24 914 299	(1 002 968)	23 911 331	2
Intangible assets	439 291	-	439 291	
Payables	(43 072 083)	(6 566 035)	(49 638 118)	3
Unspent Conditional grants and receipts	(9 182 638)	-	(9 182 638)	-
VAT Payable	(4 999 049)	(38 253)	(5 037 302)	4
Accumulated surplus	(706 767 860)	9 136 799	(697 631 061)	5
	21 312 742	-	21 312 742	-

1 - Receivables from Non-Exchange transactions - Statement of Financial Position

Previously reported 2015 balance	11 149 541
Billing corrections for periods prior to 2015	(909 092)
Billing corrections for 2015	(620 451)
Restated 2015 Closing balance	9 619 998

2 - Receivables from exchange transactions - Statement of Financial Position

Previously reported 2015 balance	24 914 299
Billing corrections for periods prior to 2015	(1 042 853)
Billing corrections for 2015	(280 476)
Cut-off billing corrections	320 361
Restated 2015 Closing balance	23 911 331

3- Payables - Statement of Financial Position

Previously reported 2015 balance	(43 072 083)
Understatement of accruals at year end 2015	(2 450 482)
Understatement of accruals year end 2014	(34 915)
Effect of SAMWU accrual prior to 2015	(3 474 041)
Effect of SAMWU accrual for 2015	(606 597)
Restated 2015 Closing Balance	(49 638 118)

4 - VAT Payable - Statement of Financial Position

Previously reported 2015 balance	(4 999 049)
Cut-off billing corrections	(38 253)
Restated 2015 Closing balance	(5 037 302)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

45. Prior period errors (continued)

5 - Accumulated Surplus - Statement of Financial Position

Previously reported 2014 Opening balance	(669 171 882)
Effect of opening balance corrections relating to -	5 460 901
Billing corrections - Receivables from non-exchange transactions	909 092
Billing corrections - Receivables from exchange transactions	1 042 853
Understatement accrual 2013/14	34 915
Effect of SAMWU accrual	3 474 041
RESTATED 2014/15 OPENING BALANCE	(663 710 981)
	-
	(33 920 081)
Previously reported surplus	(37 595 978)
Net corrections as per 2014/15 Statement of Financial Performance (see below)	3 675 897
	-
RESTATED 2014/15 CLOSING BALANCE	(697 631 062)

Statement of Financial Performance	2015 Comparative restatements			
	Previously reported	Adjustment DT/(CT)	As restated	Reference
REVENUE				
Property Rates	68 591 944	587 657	68 004 287	i
Service Charges	96 266 690	(53 006)	96 319 696	ii
Other Income	2 816 797	9 711	2 807 086	iii
Interest Received	7 416 151	74 457	7 341 694	iv
EXPENDITURE				
Employee related costs	(99 901 692)	606 596	(100 508 288)	v
Repairs and Maintenance	(12 188 952)	153 339	(12 342 291)	vi
Bulk purchases	(46 757 968)	3 994	(46 761 962)	vii
Contracted Services	(18 394 706)	2 121 665	(20 516 371)	viii
General Expenses	(39 565 673)	171 484	(39 737 157)	ix
	(41 717 409)	3 675 897	(45 393 306)	-

i) Property Rates - Statement of Financial Performance

As previously reported	68 591 944
Effect of Billing corrections for 2015	(587 657)
	68 004 287

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

45. Prior period errors (continued)

ii) Service Charges - Statement of Financial Performance

As previously reported	96 266 690
Effect of Billing corrections for 2015	(231 599)
Cutt off corrections	284 605
	96 319 696

iii) Other income - Statement of Financial Performance

As previously stated	2 816 797
Effect of Billing corrections for 2015	(9 711)
	2 807 086

iv) Interest Received - Statement of Financial Performance

As previously stated	7 416 151
Effect of Billing corrections for 2015	(74 457)
	7 341 694

v) Employee Costs - Statement of Financial Performance

As previously reported	(99 901 692)
Effect of SAMWU Accrual for 2015	(606 596)
	(100 508 288)

vi) Repairs and Maintenance - Statement of Financial Performance

As previously reported	(12 188 952)
Understatement of accruals at year end 2015	(153 339)
	(12 342 291)

vii) Bulk purchases - Statement of Financial Performance

As previously reported	(46 757 968)
Understatement of accruals at year end 2015	(3 994)
	(46 761 962)

viii) Contracted services - Statement of Financial Performance

As previously reported	(18 394 706)
Understatement of accruals at year end 2015	(2 121 665)
	(20 516 371)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

45. Prior period errors (continued)

ix) General Expenses - Statement of Financial Performance

As previously reported

(39 565 673)

Understatement of accruals at year end 2015

(171 484)

(39 737 157)

Cash flow statement

	As previously reported	Adjustment	Corrected Figures
Cash flow from operating activities			
Receipts			
Rates and Services	143 859 153	84 167	143 943 320
Government grants and Subsidies	104 534 447	-	104 534 447
Interest Income	7 416 151	(74 457)	7 341 694
Other receipts	3 422 907	(9 711)	3 413 196
Payments			
Employee costs	(105 510 419)	(606 597)	(106 117 016)
Suppliers	(111 157 741)	606 598	(110 551 143)
Finance costs	(2 461 170)	-	(2 461 170)
	40 103 328	-	40 103 328
Cash flow from investing activities			
Purchase of property, plant and equipment	(28 545 206)	-	(28 545 206)
Purchase of other intangible assets	(209 898)	-	(209 898)
	-	-	-
	(28 755 104)	-	(28 755 104)
Cash flow from financing activities			
Movement in Long term Liabilities	(3 898 542)	-	(3 898 542)
	(3 898 542)	-	(3 898 542)

The cash flow restatement above details the movements between the previously reported Cash Flow Statement and the restated 2014/15 comparative figures. The reason for the adjustments are due to the individual errors as detailed in note 45. This can be attributed to cut-off errors on expenditure and service charges.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

46. Fruitless and wasteful expenditure

Opening balance	39 222	-
Fruitless and Wasteful Expenditure - Current year	106 706	39 222
	145 928	39 222

Fruitless wasteful expenditure has been incurred due to interest on late payments made as well as penalties incurred on SARS assessments and late implementation of company contribution percentages for pension funds. All of the matters that resulted in fruitless and wasteful expenditure in the current year have been investigated and not criminal or disciplinary steps were taken against any officials.

Procedures and systems' amendments have been affected to avoid instances of fruitless and wasteful expenditure re-occurring.

47. Budget differences

Material differences between budget and actual amounts

Variances are considered to be material for the GRAP 24 variance disclosure where it exceeds 10%.

Below are details of the relevant material variances as per the Statement of Budget versus Actual Comparison:

47.1) Service Charges:

The actual water income was 14 million below budget, the actual electricity income was R2 million below budget, the actual sewer income was 8 million below budget, the actual refuse removal income was 6 million below budget and the actual income for sanitation was 1 million below budget. The income from indigents was not realised in the budget but was covered by the equitable share received. The actual demand of consumers was also overstated as well as business refuse tariffs were not implemented as envisaged.

47.2) Rendering of Services:

47.3) Licences and Permits:

The income from licences and permits is difficult to budget for as it is never known if the community will pay for their licences and permits at the municipality or at one of the other agents such as the post office.

47.4) Rental Income

This is in respect of the chemical toilets that we hire out and demand for the toilets is never known at the time of budget so best estimates are used based on prior years demands

47.5) Other income

47.6) Interest received - Investment

According to the budget assumptions made, grant income would have been spent faster than what materialised. Additional interest income was realised on the grant investments

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

47. Budget differences (continued)

47.7) Gains on Disposal of Assets

As can be seen from the budget the departments added in the main 5.5% on their years budget anticipating that redundant and damaged assets would be disposed of. The sale of assets however did not take place as required as Council resolved that schools and public benefit organisations should first be considered for donations.

47.8) Property Rates

At the time of the budget the income fore-gone budget was drastically cut to decrease the increase in rates that ratepayers would be required to pay had income fore-gone being correctly budgeted for. The budget for rates income therefore did not provide the true projection for revenue that would be received from rates.

47.9) Government Grants and Subsidies

During the financial year the Ndlambe Municipality received donated assets namely the Multi-Purpose Centre in Port Alfred with equipment and a Conference and accommodation facilities in Cannon Rocks that was not part of the Municipal Budget or any of the adjusted budgets

47.10) Public Contributions and donations:

National Treasury withheld equitable share due to unspent conditional grants. The expenditure for the sports fields were incorrectly mapped to internal funds and not grants and despite the explanation to National Treasury funds were withheld.

47.11) Fines, penalties and Forfeits

When preparing the budgets for fines, penalties and forfeits, previous years actual revenue is used to project the future years budget. However vehicles became unserviceable and staff did not have the tools of trade to move throughout Ndlambe and generate the fines as in previous years on which projections were based.

47.12) Personnel

Due to staff matters, aging vehicles, aging infrastructure and climate conditions permanent staff members were required to work overtime in excess of what was expected at the time of the budget. Much of the overtime over-expenditure would have been covered by the savings on vacant posts for which the overtime was worked.

47.13) Remuneration of Councillors:

At the time of preparing the budget the increase for Councillors is not known and the content of the act is not known. The tools of trade for Councillors was increased more than what was anticipated that resulted in the budget been exceeded.

47.14) Depreciation and Amortisation:

When doing the budget the depreciation budget was drastically reduced to in turn reduce the percentage increase to ratepayers and consumers. The depreciation budget is seen as a non-cash budget item where there will not be a reduction to an actual revenue flow to the municipality if the budget is reduced.

47.15) Impairment losses:

At the time of the budget and the adjustment budget there was no indication that a budget for impairment would be necessary. The asset verification exercise at year-end highlighted impairment adjustments that needed to be accounted for.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

47. Budget differences (continued)

47.16) Finance Costs:

The finance costs relate to the DBSA loans and at the time of the budget it was understated due to an error in that one of the loans repayment period was incorrectly captured and was only realised when the payments were made in June 2015

47.17) Lease rentals on operating lease

Additional office space was required by the office of the Municipal Manager for the LED unit and an adjustment budget was done to the rental vote for procuring the services of a consultant to assist with performance management related issue.

47.18) Bad debts written off:

When doing the budget the provision for bad debts budget was drastically reduced to in turn reduce the percentage increase to ratepayers and consumers. The provision for depreciation budget is seen as a non-cash budget item where there will not be a reduction to an actual revenue flow to the municipality if the budget is reduced.

47.19) Repairs and Maintenance

The repairs and maintenance budget was overspent due to the transfer of repairs and maintenance done under projects been transferred to operating repairs and maintenance. The repairs and maintenance component done under projects was not known at the time of budget and was only realised at year-end when dealing with assets.

47.20) Bulk Purchases

The additional electricity increase granted to ESKOM by NERSA was not taken into account when doing the budget. In sales the increase would be recovered but for Ndlambe Municipality's own consumption on plants, pumps, street lights and buildings this increase had to be absorbed

47.21) Contracted Services:

The budget for the contract payments to Manelec was under budgeted for and this resulted in the majority of the over-expenditure. The formula used to calculate the payment is dependent on electricity sales figures and actual sales was understated in the budget calculation.

Additional assets acquired by the municipality needed to be secured with security guards (Cannon Rocks Resort / pound) and assets that were been vandalised (refuse site) needed to be secured but were not budgeted for.

47.22) Transfers and Subsidies:

The actual represents subsidies to tourism and anti-crime and are paid on submission of evidence of the service they render. The budget is calculated on previous actual plus inflation increase but that is not to say that the entire budget will be granted if services are not rendered as required.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

47. Budget differences (continued)

47.23) Loss on Disposal of Assets:

At the time of the budget a nominal budget is provided for losses on disposals of assets as it not Councils intention to dispose of assets at a loss. It is also not known at the time of the budget what assets would be up for disposal. This must be read with the loss of disposal of assets below

47.24) General Expenses:

47.25) Loss on Disposal fo Liabilities and assets

At the time of the budget a nominal budget is provided for losses on disposals of assets as it not Councils intention to dispose of assets at a loss. It is also not known at the time of the budget what assets would be up for disposal. This must be read with the loss of asset disposals above.

47.26) Fair Value adjustments

At the time of the budget and the adjustment budget there was no indication that a budget for a fair value adjustment would be necessary. The asset verification exercise at year-end highlighted all fair value adjustments that need to be accounted for.

Amendments made to Budget classification per Budget vs Actual Statement

The changes of budget classification are indicated below for items that have been budgeted but not disclosed as per the GRAP determination as per the Statement of Financial Performance. The below reconciliations indicate the amendments for the purposes of disclosure in this Statement which aims to assist the user in making informed decisions based on the appropriate and like variances.

Reconciliation - Other Income

	ORIGINAL BUDGET	FINAL BUDGET
Annual Financial Statement GRAP classification	-	-
Rental Income	(5 712)	(5 712)
Other income	(3 122 011)	(3 122 011)
Original Classification - Other income	3 127 723	3 127 723
	-	-

Reconciliation - Expenditure

	ORIGINAL BUDGET	FINAL BUDGET
Annual Financial Statement GRAP classification	-	-
Lease rentals on operating lease	2 961 470	2 888 681
Transfers and Subsidies paid	1 098 500	1 098 500
General Expenditure	50 573 532	50 566 833
Original Classification - General expenditure	(54 633 502)	(54 554 014)
	-	-

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

48. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings are all issued at fixed rates which means that the municipality is not exposed to interest rate risk, as any change in interest rates will not affect the repayment terms of the long term liabilities. During 2016 and 2015, the municipality had no borrowings at variable rates.

The municipality is however exposed to credit interest rate risk relating to repayment of interest bearing loans resulting in cash outflow as detailed below.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other payables	- %	45 228 501	-	-	-	-
Financial liabilities - DBSA	8.8% - 17%	6 356 703	3 198 595	3 198 595	3 198 595	13 215 057

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and shares traded on the open market. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets exposed to credit risk at year end were as follows:

Financial instruments	2016	2015
Receivables from non-exchange transactions	11 325 717	9 619 998
Receivables from exchange transactions	23 756 511	23 911 331
Cash and cash Equivalents	31 355 561	28 720 873
Other Financial Assets	141 525	144 979

The municipality holds deposits of R1 749 301 (2015: R1 700 733) from consumer debtors. No guarantees or collateral was provided to third parties.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in South African Rand

48. Risk management (continued)

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. Price risk is not actively managed as the extent of the holdings in equity instruments are limited and diversification of the portfolio is done in accordance with the limits set by the municipality.

The municipality's investments in equity of other entities that are publicly traded and are included in on the JSE (Johannesburg Stock Exchange)

The table below summarises the impact of increases/decreases of the indexes on the municipality's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes has increased/decreased by 5% with all other variables held constant and all the municipality's equity instruments moved according to the historical correlation with the index:

Financial instrument	Impact on surplus in Rand		Impact on surplus in Rand	
	Increase		(Decrease)	
	2016	2015	2016	2015
JSE Old Mutual Shares	7 076	7 249	(7 076)	(7 249)

Surplus for the year would increase/(decrease) as a result of gains or losses on equity securities classified as at fair value through surplus or deficit.

49. Water and electricity losses

Material Losses

Water	15 203 541	11 724 533
Electricity	6 858 791	5 393 305
	22 062 332	17 117 838

Water Losses

In 2016 the water reticulation losses were 40.4% (3 815 420 kl supplied and 2 275 041 kl sold) (2015: 40.9% (3 060 500 kl supplied and 1 807 879 kl sold)). In both years these losses are predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore apparent losses are realised due to metering inefficiencies, meter faults, unauthorised and unmetered consumption.

Electricity Losses

In 2016, the energy losses were 15.84% (2015: 15.22%). Energy purchased was 48 111 719 kWh and 40 490 840 kWh was sold (2015: 43 737 926 kWh purchased and 37 079 524 kWh sold). These losses are predominantly due to MV and LV losses in switchgear, overheadlines, underground cables and transformers. Furthermore losses are attributed to metering and meter reading losses and losses due to tampering.

ANNEXURE F

NDLAMBE SCHEDULE OF MEETINGS

NDLAMBE MUNICIPALITY



NDLAMBE SCHEDULE OF MEETINGS – 2015/2016 FINANCIAL YEAR

DATE	COMMITTEE	VENUE	TIME	SUBMISSION DATE	DELIVERY DATE
1 July 2015	Municipal Manager's Forum	Sarah Baartman District Municipality	10H00		
08 July 2015	Council Meeting	SBDM	11H00		
09 July 2015	Audit and Performance Committee	Council Chambers	10H00	29 June 2015	03 July 2015
14 July 2015	IGR Meeting	Council Chambers	10H00	01 July 2015	08 July 2015
15 July 2015	Bid Specification Committee Meeting	Council Chambers	08h00	02 July 2015	09 July 2015
16 July 2015	Municipal Public Accounts Committee	Council Chambers	09H00	01 July 2015	08 July 2015
21 July 2015	Training Committee	Council Chambers	12H00	09 July 2015	15 July 2015
23 July 2015	Bid Evaluation Committee Meeting	Council Chambers	10H00	09 July 2015	15 July 2015
30 July 2015	Bid Adjudication Committee Meeting	Council Chambers	09H00	16 July 2015	22 July 2015
4 August 2015	Municipal Public Accounts Committee	SBDM	11H00		
12 August 2015	Mayor's Forum	SBDM	10H00		

13 August 2015	Bid Specification Committee	Council Chambers	14H00	3 August 2015	07 August 2015
17 August 2015	IT STEERING	Council Chambers	09H00	4 August 2015	11 August 2015
19 August 2015	Council Meeting	SBDM	11H00		
19 August 2015	Bid Evaluation Committee	Council Chambers	10H00	06 August 2015	12 August 2015
20 August 2015	Municipal Public Accounts Committee	Council Chambers	10H00	06 August 2015	12 August 2015
21 August 2015	Ndlambe Full Council Meeting	Council Chambers	10H00	11 August 2015	14 August 2015
20 August 2015	Audit Committee	Council Chambers	14H00	06 August 2015	12 August 2015
26 August 2015	Bid Adjudication	Council Chambers	09H00	13 August 2015	19 August 2015
27 August 2015	Local Labour Forum	Council Chambers	10H00	13 August 2015	19 August 2015
03 September 2015	National Book Week : Libraries				
01 September 2015	Ward 1	Council Chamber, Alex	10H00	24 August 2015	28 August 2015
01 September 2015	Ward 2	Council Chamber, Alex	12H00	24 August 2015	28 August 2015
02 September 2015	Ward 3	Marselle Housing Office	14H00	24 August 2015	28 August 2015
02 September 2015	Ward 4	Council Chambers KOS	10H00	24 August 2015	28 August 2015
01 September 2015	Ward 5	Nolukhanyo Community Hall	17H00	24 August 2015	28 August 2015
02 September 2015	Ward 6	Station Hill Hall	17H00	24 August 2015	28 August 2015
03 September 2015	Ward 7	Kuyasa Combined School	17H00	24 August 2015	28 August 2015

9 September 2015	Bid Specification	Council Chambers	08H00	24 August 2015	28 August 2015
04 September 2015	Ward 8	Jauka Hall	17H00	24 August 2015	28 August 2015
05 September 2015	Ward 9	Jauka Hall	17H00	1 September 2015	7 September 2015
04 September 2015	Ward 10	Council Chambers	10H00	24 August 2015	28 August 2015
15 September 2015	District Wide Infrastructure Forum	SBDM	10H00		
16 September 2015	Spelling BEE : Libraries				
17 September 2015	Bid Evaluation	Council Chambers	09H00	4 September 2015	9 September 2015
18 September 2015	Standard Chart of Accounts (SCOA)	Council Chambers	14H00	4 September 2015	10 September 2015
21 September 2015	Training Committee	Council Chambers	09h00	7 September 2015	11 September 2015
23 September 2015	Bid Adjudication Committee	Council Chambers	14H00	9 September 2015	15 September 2015
29 September 2015	Local Labour Forum	Council Chambers	12H00	15 September 2015	21 September 2015
06 October 2015	Executive Committee	Council Chambers	10H00	21 September 2015	28 September 2015
07 October 2015	Municipal Manager's Forum	SBDM	10H00		
08 October 2015	Chief Financial Officer's Forum	SBDM	10H00		
09 October 2015	Municipal Public Accounts Committee	SBDM	11H00		
14 October 2015	Council Meeting	SBDM	11H00		
14 October 2015	Bid Specification	Council Chambers	09H00	2 October 2015	08 October 2015

19 October 2015	Training Committee	Council Chambers	10H00	6 October 2015	12 October 2015
20 October 2015	Bid Evaluation	Council Chambers	14H00	8 October 2015	14 October 2015
22 October 2015	Local Labour forum	Council Chambers	12H00	8 October 2015	14 October 2015
27 October 2015	IGR (Intergovernmental Relations)	Council Chambers	11H00	13 October 2015	19 October 2015
28 October 2015	Bid Adjudication	Council Chambers	09H00	14 October 2014	22 October 2015
29 October 2015	Ndlambe Full Council Meeting	Council Chambers	10H00	14 October 2015	21 October 2015
02 November 2015	Ward 1	Council Chamber, Alex	10H00	19 October 2015	23 October 2015
02 November 2015	Ward 2	Council Chamber, Alex	12H00	19 October 2015	23 October 2015
03 November 2015	Ward 3	Marselle Housing Office	14H00	19 October 2015	23 October 2015
03 November 2015	Ward 4	Council Chambers KOS	10H00	19 October 2015	23 October 2015
02 November 2015	Ward 5	Nolukhanyo Community Hall	17H00	19 October 2015	23 October 2015
03 November 2015	Ward 6	Station Hill Hall	17H00	19 October 2015	23 October 2015
04 November 2015	Ward 7	Kuyasa Combined School	17H00	19 October 2015	23 October 2015
05 November 2015	Ward 8	Jauka Hall	17H00	19 October 2015	23 October 2015
09 November 2015	Ward 9	Jauka Hall	17H00	26 October 2015	30 October 2015
05 November 2015	Ward 10	Council Chambers	10H00	19 October 2015	23 October 2015
10 November 2015	District Communicators Forum	SBDM	11H00		

11 November 2015	Mayor's Forum	SBDM	10H00		
12 November 2015	IT Steering	Council Chambers	09H00	26 October 2015	03 November 2015
12 November 2015	Bid Specification	Council; Chambers		26 October 2015	03 November 2015
13 November 2015	Municipal Public Accounts Committee	Council Chambers	10h00	27 October 2015	4 November 2015
13 November 2015	Audit and Performance Committee	Council Chambers	14H00	27 October 2015	4 November 2015
16 November 2015	Bid Evaluation	Council Chambers		06 November 2015	12 November 2015
17 November 2015	District Wide Infrastructure Forum	SBDM	10H00		
18 November 2015	District Aids Council	SBDM			
24 November 2015	Bid Adjudication	Council Chambers	11H00	10 November 2015	16 November 2015
25 November 2015	Council Meeting	SBDM	11H00		
26 November 2015	Executive Committee Meeting	Council Chambers	10H00	11 November 2015	18 November 2015
26 November 2015	Combined Elderly Day				
4 December 2015	Full Ndlambe Council	Council Chambers	10H00	19 November 2015	26 November 2015
10 December 2015	Standard Chart of Accounts (SCOA)	Council Chambers	12H00	26 November 2015	2 December 2015
29 December 2015	RECESS COMMITTEE MEETING	Council Chambers	14H00	15 December 2015	21 December 2015
07 January 2016	Municipal Public Accounts Committee	SBDM	11H00		
14 January 2016	Chief Financial Officers Forum	SBDM	10H00		

20 January 2016	Municipal Manager's Forum	SBDM	10H00		
27 January 2016	Council Meeting	SBDM	11H00		
28 January 2016	Full Ndlambe Council	Council Chambers	10H00	14 January 2016	20 January 2016
01 February 2016	Ward 1	Council Chamber, Alex	10H00	18 January 2016	22 January 2016
01 February 2016	Ward 2	Council Chamber, Alex	12H00	18 January 2016	22 January 2016
02 February 2016	Ward 3	Marselle Housing Office	14H00	18 January 2016	22 January 2016
02 February 2016	Ward 4	Council Chambers KOS	10H00	18 January 2016	22 January 2016
01 February 2016	Ward 5	Nolukhanyo Community Hall	17H00	18 January 2016	22 January 2016
02 February 2016	Ward 6	Station Hill Hall	17H00	18 January 2016	22 January 2016
03 February 2016	Ward 7	Kuyasa Combined School	17H00	18 January 2016	22 January 2016
04 February 2016	Ward 8	Jauka Hall	17H00	18 January 2016	22 January 2016
08 February 2016	Ward 9	Jauka Hall	17H00	25 January 2016	29 January 2016
04 February 2016	Ward 10	Council Chambers	10H00	18 January 2016	22 January 2016
08 February 2016	Bid Specification	Council Chambers	10H00	27 January 2016	2 February 2016
09 February 2016	Training Committee	Council Chambers	14H00	27 January 2016	2 February 2016
09 February 2016	Municipal Public Accounts Committee	SBDM	11H00		
11 February 2016	Mayor's Forum	SBDM	10H00		

12 February 2016	Local Labour Forum	Council Chambers	10H00	1 February 2016	8 February 2016
16 February 2016	Municipal Public Accounts Committee	Council Chambers	09H00	1 February 2016	8 February 2016
16 February 2016	Audit & Performance Committee	Council Chambers	14H00	1 February 2016	8 February 2016
18 February 2016	District Communicator's Forum	SBDM	11H00		
23 February 2016	District Wide Infrastructure Forum	SBDM	10H00		
24 February 2016	Executive Committee	Council Chambers	10H00	10 February 2016	16 February 2016
02 March 2016	Chief Financial Officer's Forum	SBDM	10H00		
10 March 2016	IGR (Intergovernmental Relations)	Council Chambers	10H00	29 February 2016	4 March 2016
16 March 2016	District AIDS Council	SBDM	10H00		
17 March 2016	Standard Chart of Accounts (SCOA)	Council Chambers	09H00	03 March 2016	09 March 2016
17 March 2016	Combined Library Week				
23 March 2016	Council Meeting	SBDM	11H00		
31 March 2016	Ndlambe Full Council	Council Chambers	10H00	16 March 2016	23 March 2016
06 April 2016	Training Committee	Council Chambers	09H00	23 March 2016	29 March 2016
13 April 2016	Local Labour Forum	Council Chambers	12H00	25 March 2016	31 March 2016
18 April 2016	Ward 1	Council Chamber, Alex	10H00	05 April 2016	11 April 2016
18 April 2016	Ward 2	Council Chamber, Alex	12H00	05 April 2016	11 April 2016

19 April 2016	Ward 3		Marselle Housing Office	14H00	05 April 2016	11 April 2016
19 April 2016	Ward 4		Council Chambers KOS	10H00	05 April 2016	11 April 2016
18 April 2016	Ward 5		Nolukhanyo Community Hall	17H00	05 April 2016	11 April 2016
19 April 2016	Ward 6		Station Hill Hall	17H00	05 April 2016	11 April 2016
20 April 2016	Ward 7		Kuyasa Combined School	17H00	05 April 2016	11 April 2016
21 April 2016	Ward 8		Jauka Hall	17H00	05 April 2016	11 April 2016
25 April 2016	Ward 9		Jauka Hall	17H00	11 April 2016	15 April 2016
21 April 2016	Ward 10		Council Chambers	10H00	05 April 2016	11 April 2016
21 April 2016	World Book Day : Libraries					
25 April 2016	District Wide Infrastructure Forum		SBDM	10H00		
28 April 2016	Bid Adjudication		Council Chambers	10H00	14 April 2016	20 April 2016
29 April 2016	Municipal Public Accounts Committee		Council Chambers	10H00	14 April 2016	20 April 2016
29 April 2016	Audit and Performance Committee		Council Chambers	14H00	14 April 2016	20 April 2016
06 May 2016	Local Labour Forum		Council Chambers	11H00	26 April 2016	02 May 2016
10 May 2016	District Communicator's Forum		SBDM	11H00		
13 May 2016	Bid Specification		Council Chambers	09H00	03 May 2016	09 May 2016
13 May 2016	Libraries: Career Day					

18 May 2016	District Aids Council	SBDM	10H00		
19 May 2016	Executive Committee Meeting	Council Chambers	10H00	04 May 2016	11 May 2016
20 May 2016	Bid Evaluation	Council Chambers	10H00	09 May 2016	16 May 2016
25 May 2016	Council Meeting	SBDM	11H00		
26 May 2016	Chief Financial Officer's Forum	SBDM	10H00		
27 May 2016	Council Meeting	Council Chambers	10H00	12 May 2016	19 May 2016
30 May 2016	Bid Adjudication	Council Chambers	09H00	19 May 2016	25 May 2016
2 June 2016	Standard Chart of Accounts (SCOA)	Council Chambers	09H00	23 May 2016	27 May 2016
07 June 2016	Municipal Public Accounts Committee	SBDM	11H00		
08 June 2016	Local Labour Forum	Council Chambers	09H00	25 May 2016	31 May 2016
13 June 2016	Bid Specification	Council Chamber	09H00	1 June 2016	7 June 2016
15 June 2016	Municipal Public Accounts Committee	Council Chambers	10H00	3 June 2016	9 June 2016
15 June 2016	Audit and Performance Committee	Council Chambers	14H00	3 June 2016	9 June 2016
20 June 2016	Bid Evaluation	Council Chambers	10H00	3 June 2016	9 June 2016
21 June 2016	District Wide Infrastructure Forum	SBDM	10H00		
22 June 2016	IGR (Intergovernmental Relations)	Council Chambers	10H00	9 June 2016	15 June 2016
28 June 2016	Bid Adjudication	Council Chambers	09H00	16 June 2016	22 June 2016

30 June 2016	Ndlambe Full Council Meeting	Council Chambers	10H00	17 June 2016	23 June 2016
--------------	------------------------------	------------------	-------	--------------	--------------